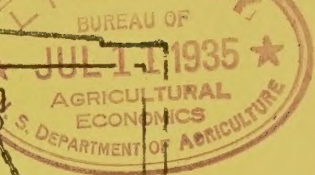


NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION



VOLUME 2, NUMBER 40

July 6, 1935

FLUE-CURED PROGRAM FAVORED BY GROWERS

Nearly complete returns from the referendum conducted in June to determine whether flue-cured tobacco growers desire an adjustment program to follow the one which expires with the current season show that of the 83.3 percent of the eligible voters voting, 98.2 percent voted in favor of an extension of the program. All share-croppers, share-tenants, renters and landowners engaged in the production of flue-cured tobacco were eligible to vote. Flue-cured is produced chiefly in North Carolina, South Carolina, Virginia, Georgia and Florida. Returns received through July 6 accounted for 225,880 persons eligible to vote in the referendum. Of the number of eligible voters, 188,163, or 83.3 percent, actually voted. Of those voting, 184,755, or 98.2 percent, voted in favor of a program to follow the one which expires this season and 3,408, or 1.8 percent, voted against such a program.

- - - 0 - - -

1935 CORN-HOG CHECKS TO START MOVING SOON

Auditing of the 1935 corn-hog contracts, the final step preceding actual disbursement of the first 1935 rental and benefit payments to cooperating farmers, is getting underway and at the usual rate of handling contracts, actual distribution of the first 1935 corn-hog payments probably will begin sometime this month. Boards of review in all states have been directed to transmit to Washington all contracts as soon as completed and approved by local and state corn-hog officials. With less than 1 percent of the second payments and less than 3 percent of the final payments under last year's program yet unpaid, the Administration is ready to begin distribution of the 1935 payments. The remaining unpaid contracts under the 1934 program can be handled along with the new contracts. In practically all of these unpaid cases, the delay in payment has been due to various irregularities requiring additional checking. On June 29, a total of \$297,342,177.42 had been paid to farmers participating in the 1934 corn-hog program. Recent reports from the 48 states indicate that nearly 300,000 corn-hog contracts for 1935 would be ready for transmittal to Washington this week. It is believed that an additional 500,000 will arrive before the end of July. The remainder of the 1,032,500 contracts under preparation is expected in August and early in September. The corn-hog payments under the 1935 contract is expected to total about 185 million dollars and will be made in two installments.

- - - 0 - - -

FLORIDA CITRUS PACT TO TERMINATE JULY 15

Cancellation of the Florida Citrus fruit agreement and license, effective July 15, was announced by the Agricultural Adjustment Administration. This action was taken at the direct request of five shippers.

- - - 0 - - -

CONFERENCE DRAFTS
TENTATIVE RYE PLAN

Representatives of rye producers of 14 states met in Washington July 3 with Agricultural Adjustment Administration officials, and worked out a tentative outline for a rye production adjustment program. The group favored a 4-year program with 1-year contracts, to run parallel with the new wheat contract, and local administration through machinery already established for wheat production control. The method of determining base harvest allotments was the principal point of discussion by the group. This problem was complicated by the fact that rye is used for human consumption, for feed, for hay; or it may be plowed under to improve soil. The farmers' final recommendation called for controlling only harvested rye or mature rye fed to livestock. Planting by contract signers would be unrestricted, except that they would have to plant a certain percentage of their base harvest acreage. Then, in April when rye crop prospects could be checked against national requirements, the Adjustment Administration would decide what percentage of the base could be harvested. If crops were short and requirements high, it would be possible for contract signers to harvest more than their base allotments. Signers would be bound to harvest a minimum of their harvest base. Allotments by states and counties would be based on acreage and yield records. Allotments to individuals would be based on both records and the discretion of the county control associations according to rules and regulations to be determined. This flexibility, it is hoped, would assist farmers who for some reason have not recently produced rye, yet who are in logical position to do so. If applications in any one county were less than the county's total allotment, the difference could be transferred to another county or counties. If conditions prevented planting in any county, the county's allotment could be transferred temporarily to some other area. The rye producers also recommended the crop insurance feature contained in other adjustment contracts. Although under normal conditions contract signers would be pledged to harvest a certain percentage of their base, they would receive full benefit payments if their rye were destroyed by such natural causes as drought or floods. If the provision incorporated in pending amendments to the Agricultural Adjustment Act is approved by Congress a processing tax of 30 cents a bushel of rye would become effective August 1, otherwise the Secretary of Agriculture would proclaim a tax under the existing provisions of the Act. Benefit payments would be made on that portion of the crop used domestically for human consumption. This has been estimated at about half the annual disappearance of rye as grain, or about 16 million bushels. The 30-cent tax on rye processed for human use would mean benefit payments of 20 cents or more on half of each contracting farmer's base production. A proclamation that rental or benefit payments are to be made with respect to rye, a basic agricultural commodity, has been signed by the Secretary of Agriculture.

- - - 0 - - -

DENVER MILK
LICENSE AMENDED

A slight reduction in the minimum price for Class 1 milk payable to producers in the Denver sales area, together with inclusion in the Class 3 schedule of all evaporated milk not sold by handlers in hermetically sealed cans, are changes made by an amendment to the Denver milk license which became effective July 1. Instead of 60 cents per pound of butterfat payable to producers on all sales of Class 1 milk delivered to plants within the area, the price under the amendment is 55 cents per pound of butterfat. This change was deemed advisable owing to a somewhat increased production in relation to current demand.

- - - 0 - - -

WHEAT REPRESENTATIVES
FAVOR CONTRACT CHANGES

A proposed new basis for making wheat adjustment payments was tentatively approved by the farmer-representatives from principal wheat states who met with Agricultural Adjustment Administration officials July 1 and 2 to discuss the proposed new wheat contract. By adjusting the final payment each year to the actual difference between the average farm and parity prices during the year, the new basis would protect farmers against declines in price. The delegates considered also the possibility of making adjustment payments for each year in a single payment, thus reducing the clerical work necessary in Washington, and making it possible to get out checks to farmers without clerical delays caused by making payments in two installments. A single check for a year's payment would be issued later than the first check but earlier than the second check under the two check system. The majority of the delegates urged a tightening up of the restrictions governing the use of land taken out of cultivation under adjustment contracts. Farmers from the western states especially declared that local administration became more difficult as the bars are let down on the use of these areas. They favored limiting the use of this land strictly to summer-fallow, erosion-preventing crops, and to a few forage crops. Opinion was practically unanimous that county allotment committees should be given discretion to approve changes in landlord-tenant relationships in order to protect tenants from being deprived of their normal share of the adjustment payments through changes in lease arrangements. Another feature of the new contract which was favored by the representatives is a provision whereby a farmer signing a contract may designate a beneficiary entitled to receive the adjustment payment in the event of the death or disappearance of the signer. This provision has been proposed mainly in order to care for cases where widows and children who need adjustment payments badly, and who under the present system may encounter delays in getting the payments. The delegates emphasized that when the original wheat contracts were signed many farmers signed up from patriotic motives, even though it resulted in sharply reduced acreages which are not economically efficient for them. The new program should allow for adjusting these cases, the representatives said. They suggested that some acreage allotments might be taken from farmers who received allotments larger than normal, or that the adjustments might be made and the national acreage reduction made somewhat larger in order that the total wheat acreage of the country be kept within reasonable limits. The representatives urged that the present restrictions in the contract that prohibit assignments of benefit payments be continued, although they agreed that certain exceptions might be made in the case of agents who manage farms for estates, or under similar arrangements. The provision that violators of the contract should be subject to the loss of further adjustment payments and should repay the previous year's payments was approved by the producers.

- - - 0 - - -

AMEND TULSA
MILK LICENSE

An amendment to the milk license for Tulsa, Okla., became effective July 1. The amendment provides that the Class 1 price of milk, payable to producers, of

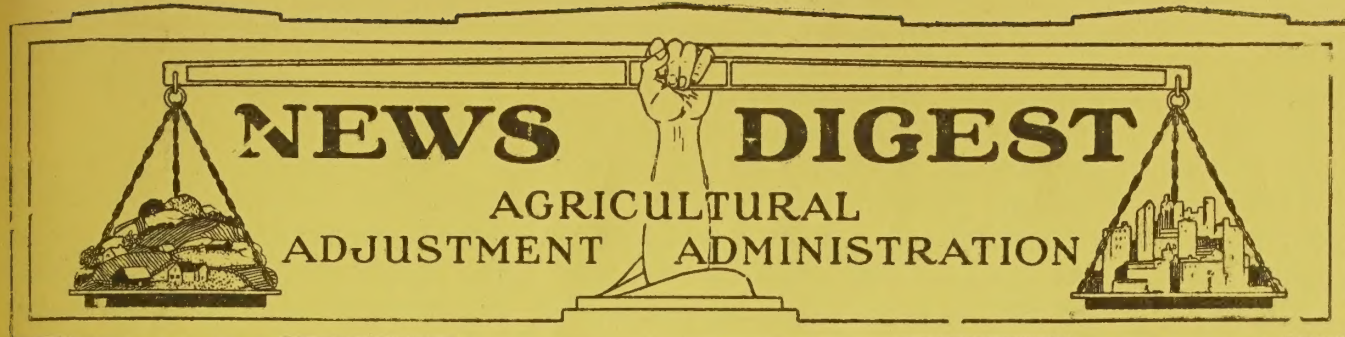
65 cents per pound butterfat shall be reduced to 51 cents per pound butterfat. This change was requested after conferences with producers and distributors in the market.

- - - 0 - - -

TERMINATE THREE
MILK LICENSES

The license for the Philadelphia milk sales area which was instituted in 1933 to accompany a marketing agreement, and the licenses for the Fort Worth, Texas, and the Los Angeles, Calif., milk sales areas, were terminated July 1 by the Agricultural Adjustment Administration.

- - - 0 - - -



VOLUME 2, NUMBER 41

JULY 15, 1935

**SUGAR PROGRAM
PAYMENTS ANNOUNCED**

The Agricultural Adjustment Administration announced that the final 1934 sugar beet adjustment payment would be at the rate of 75 cents a ton, and that the initial 1935 payment would be 80 cents a ton. The initial 1934 payment was \$1 a ton, making a total adjustment payment for 1934 of \$1.75 a ton. The total 1935 payment will depend upon the prices which sugar beet producers receive for their present crop. It was announced at the same time that the initial 1935 adjustment payment to cooperating Louisiana sugarcane producers would be 70 cents a ton. The final 1934 sugarcane payment will be determined shortly. Payment of the final 1934 adjustment payment to cooperating sugar beet producers will bring the total benefit payments to them on their 1934 crop to approximately \$19,250,000. The first payment at the rate of \$1 a ton on the estimated production of growers totalled approximately 11 million dollars, most of which has now been paid. The 1934 payments are based on the actual production or on estimated production at average yields, whichever is higher. This feature provided crop income insurance for many farmers who suffered large drought losses in 1934. The first 1935 adjustment payment of 80 cents a ton on sugar beets will amount to between 7 million dollars and 8 million dollars. The first 1935 adjustment payment to the Louisiana sugarcane producers is estimated at approximately \$2,300,000. The Louisiana producers have received approximately 3 million dollars to date on the first 1934 payment which was at the rate of \$1 a ton on their base production. A total of 69,943 sugar beet adjustment contracts and 9,095 Louisiana sugarcane adjustment contracts have been received in Washington. Both the final 1934 and first 1935 adjustment payments are payable to producers as soon as compliance reports have been made and auditing of them has been completed. Field work on the reports is already under way.

- - - 0 - - -

**SUGAR ENTRIES REPORTED
FOR FIRST SIX MONTHS**

The quantity of sugar entered for consumption in the United States during the first six months of 1935 from Cuba, the Philippines, Puerto Rico, the Virgin Islands, and Hawaii totalled 2,790,037 short tons, raw value, without final polarization and final outturn adjustments. This quantity has been charged against the 1935 quotas for the areas indicated, the sugar section of the Agricultural Adjustment Administration reported. Entries of sugar from January 1 to July 1, represented 62.6 percent of the total of 4,454,019 tons admissible from those areas under the quotas established for 1935 by General Sugar Quota Regulations, Series 2. Such quotas and the balances available for the rest of the year under such quotas are subject to change under the Jones-Costigan Act when effect is given to the revised data on hand as a result of the investigation of importations from the producing areas in the so-called "basic" years, or when consumption changes, or when other debits or credits required under the provisions of the Act are given effect.

- - - 0 - - -

WHEAT PAYMENTS
INCREASED FOR 1935

The 1935 wheat adjustment payments will be at least 33 cents a bushel on allotments of cooperating farmers as compared with the 1934 minimum payment of 29 cents a bushel, the Agricultural Adjustment Administration announced. Under the new payments schedule, producers will receive adjustment payments on their 1935 wheat allotments of at least 115 million dollars, as compared with approximately 100 million dollars which they would receive on the 29-cent basis. No change has been made for the present in the processing tax rate of 30 cents a bushel. The additional adjustment payments to farmers are made possible through reserves accumulated from the tax on wheat produced by farmers not under allotment contracts. This increased payment will not result in any deficit in the wheat budget since available funds are sufficient to cover the increase. The 1935 adjustment payments will be made in two installments. The first, which is payable as soon as compliance with contracts is checked, will be at the rate of 20 cents a bushel on allotments. The final payment will be made when local administrative costs for the fiscal year 1935-36 have been determined and deductions made. The final payment will be at least 13 cents a bushel on allotments, less the deduction for local costs. The second installment may be increased above 13 cents if the difference between the average farm price and the wheat parity price for the current marketing year is more than 33 cents a bushel. The rate of the minimum 1935 adjustment payments was established in a proclamation by the Secretary of Agriculture. The new schedule of payments applies to the 1935 crop, which is the last one to be harvested under the original wheat contract, which covered the years 1933, 1934, and 1935. It has no connection with the new wheat contract which is now being prepared and which covers the four years, 1936-39, inclusive. The allotment of each producer is 54 percent of his average production in the base period of the program, as set forth in his contract. The adjustment payments for 1933 were originally established at 28 cents a bushel of allotment, and were increased last year to 29 cents.

- - - 0 - - -

BUTTER AND CHEESE
BIDS ARE REQUESTED

Schedules requesting bids on 5 million pounds of butter and 2 million pounds of cheese have been sent to prospective bidders, the Agricultural Adjustment Administration announced. Purchases of the commodities will be turned over to the Federal Surplus Relief Corporation for relief distribution. Bids received on butter will be opened July 22. Both fresh and storage butter will be purchased in lots of not less than 20,000 pounds. Deliveries of fresh butter will be made at weekly intervals for a 5-week period starting August 3. Prices for fresh butter will be based on a differential over market quotations as submitted by the bidder. Bids on storage butter are on a flat net price per pound basis without reference to market quotations. All butter must be weighed and graded by representatives of the Bureau of Agricultural Economics. Bids on American cheese will be opened July 23, and it is expected that the aggregate awards will total about 2 million pounds. The specifications call for U. S. No. 1, graded by representatives of the Bureau of Agricultural Economics, and of not less than 20 days of age when graded. All deliveries must be completed before October 1. Last week the Adjustment Administration made awards on two dry skim milk schedules, under which delivery will be made of 2,162,650 pounds of dry skim milk made by the roller process, and 2,680,000 pounds of skim milk made by the spray process. Funds for the purchase of surplus dairy products for relief distribution were made available by the Jones-Connally amendment to the Agricultural Adjustment Act.

- - - 0 - - -

LEXINGTON MILK
LICENSE TERMINATED

An order terminating the license for milk for the Lexington, Ky., sales area, to be effective July 16, was signed by the Secretary of Agriculture. This license which was prepared by the Agricultural Adjustment Administration and issued by the Secretary on May 1, effective May 2, 1934, was amended August 21, 1934.

AFFECT BASIC CROP CUTS
ON VEGETABLES IS SLIGHT

A study completed by the Bureau of Agricultural Economics indicates that acreage reductions of major crops has only slightly influenced production of commercial vegetables during 1934 and 1935. States wholly or almost wholly planted to major crops are Texas, cotton; North and South Carolina, tobacco and cotton; Iowa, Kansas and Nebraska, wheat, corn and hogs; North and South Dakota and Idaho, wheat. The study shows that the commercial vegetable acreage, except potatoes, in this group increased by 50,335 acres in the past two years, while the entire country increased its commercial vegetable acreage by 657,405 acres in the same period. Thus the increase for these major crop states represents only 7.6 percent of the country's increased vegetable acreage, or only 1.7 percent of the total of 2,906,000 acres devoted to commercial vegetables.

- - - 0 - - -

SAN DIEGO MILK
LICENSE AMENDED

An amendment to the existing milk license for San Diego, California, has been completed to restore to the license technical computations regarding producer-distributors relations to the equalization market pool, which were removed from the license June 19, 1935.

- - - 0 - - -

FALL RIVER AND NEW BEDFORD
MILK LICENSES AMENDED

Amendments to the existing milk licenses for the Fall River and New Bedford, Massachusetts, sales areas, have been issued, effective July 14, which provide for the removal of the 7 cent reduction factor from the formula for the butterfat differentials. The Fall River amendment increases from 75 to 85 percent the minimum base milk which a producer may deliver.

- - - 0 - - -

TOPEKA MILK
LICENSE AMENDED

A reduction in the Class I price of milk, from 60 cents to 50 cents per pound butterfat, to be paid producers in the Topeka, Kan., sales area is provided in an amended license for this area which will become effective July 16. Class I milk is defined to include milk consumed as such, cream, creamed cottage cheese, and creamed buttermilk. The base-surplus plan of pooling the proceeds of classified milk prices to producers is provided also in the amended license.

- - - 0 - - -



NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION

VOLUME 2, NUMBER 42

July 20, 1935

535 MILLION IN BENEFITS DURING 11-MONTH PERIOD

During the July 1, 1934 to June 1, 1935 period of the 1935 fiscal year the Agricultural Adjustment Administration expended in rental and benefit payments, removal and conservation of surplus agricultural commodities, drought relief, administrative expenses, and other operations, a total of \$767,195,306 from funds available amounting to \$918,045,135, leaving a balance available of \$150,849,829. Expenditures for the 11-month period of the fiscal year are as follows: rental and benefit payments to farmers cooperating in adjustment programs, \$535,547,698; removal and conservation of surplus agricultural commodities, \$10,043,550; drought relief, food conservation and disease eradication, \$145,595,764; trust fund operations, \$11,746,526; administrative expenses, \$34,401,654; disbursement expenses, \$737,005; and tax refunds, \$29,123,107. The funds shown available include a balance of \$281,565,270 carried over from the 1934 fiscal year, ending June 30, 1934, from appropriations and trust fund receipts; and in addition to these funds receipts from appropriations and trust funds during the year amounting to \$111,900,020, making a total of \$393,465,290 available from funds NOT derived from processing taxes. At the beginning of the fiscal year a balance of \$71,572,151 in processing taxes was carried, to which collections since reported up to April 30, 1935, have added \$453,007,693, bringing the total of funds available from processing taxes to \$524,579,844. Rental and benefits cumulative for the period were divided as follows among commodities: cotton, \$102,503,017; wheat, \$97,503,986; tobacco, \$23,784,768; corn-hogs, \$296,435,801; and sugar, \$15,320,123. Removal and conservation of surplus operations included: hogs, \$1,408,886; wheat, \$1,087,744; dairy products, \$6,507,373; sugar, \$365,536; and peanuts, \$674,008. Drought relief, food conservation, and disease eradication operations are listed as \$120,583,408 spent for cattle, including \$9,586,637 for indemnities paid in the disease eradication program; \$7,702,288 for drought sheep and goat purchases; and \$17,310,068 for the purchase of seeds and their distribution in the drought area. During May, farmers cooperating in adjustment programs received a total of \$36,790,148 in rental and benefit payments, of which \$16,043,225 was paid cotton producers, \$2,877,272 to wheat growers, \$3,073,323 to tobacco producers, \$10,362,121 to corn-hog producers; and \$4,434,205 to sugarcane and sugarbeet growers.

- - - 0 - - -

MILK LICENSE FOR SIOUX CITY AMENDED

An amended milk license for the Sioux City, Iowa, sales area has been completed which changes the Class I milk price from the rigid

figure of 46 cents per pound butterfat to a formula of 19 cents per pound over the average price of 90-score butter on the Chicago market.

- - - 0 - - -

SOUTHERN BUYING CREATES
NEW YORK FACTORY JOBS

Responding to increased purchasing power in the States of the agricultural Southeast, New York City and many of the cities and towns of upstate New

York have accelerated their manufacturing operations, with corresponding increases in employment and general business activity. Carlot shipments of industrial and manufactured goods originating in the state of New York and delivered by four important railroads to the Southeast agricultural states increased by 49.9 percent in the first year after the farm program and other recovery measures went into effect. A general survey shows that during the year ending June 30, 1933 shipments from the State of New York to Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Tennessee, Kentucky and West Virginia, totalled 107,785,327 pounds, whereas during the following year, after the effects of the recovery program had begun to be felt, the total was 160,993,867 pounds. New York State products of a widely diversified nature were affected by the increased farm buying. Farm implements and machinery increased by 384.7 percent; commercial and industrial machinery, 29.7 percent; iron and steel products, 11.5 percent; drugs and chemicals, 33.4 percent and paper and paper products, 27.8 percent.

- - - 0 - - -

IMPROVED AGREEMENT ISSUED
FOR CALIFORNIA DECIDUOUS

A new marketing agreement and amended license for growers and shippers of California fresh deciduous tree fruits, except apples, became effective July

20. The previous marketing agreement was terminated. The agreement is designed to improve growers' incomes through regulations which limit the size and grade of fruit that may be shipped, period-to-period proration of shipments and regulations of day-to-day shipments from rail concentration points. The original deciduous fruit agreement was the first fruit marketing agreement under the Agricultural Adjustment Act. The new agreement was sought by growers and shippers to improve the provisions of the agreement for practical operation in the light of experience gained. A control committee consisting of thirteen grower and twelve shipper members will administer the agreement.

- - - 0 - - -

ISSUANCE RICE TAX-PAYMENT
WARRANTS TO CLOSE SOON

Dates have been set for discontinuing the issuance of tax-payment warrants with respect to 1933-1934 rough rice. The final dates for filing applications

for tax-payment warrants are as follows by regions: Southern, including Arkansas, Louisiana, Tennessee and Texas, July 31; California, August 15; Hawaii, August 31. Tax-payment warrants are issued on application to eligible persons to cover the processing tax on rough rice produced in 1933 and 1934 and still in the hands of producers, processors and other persons. These warrants will be accepted by the Bureau of Internal Revenue in payment of the processing tax.

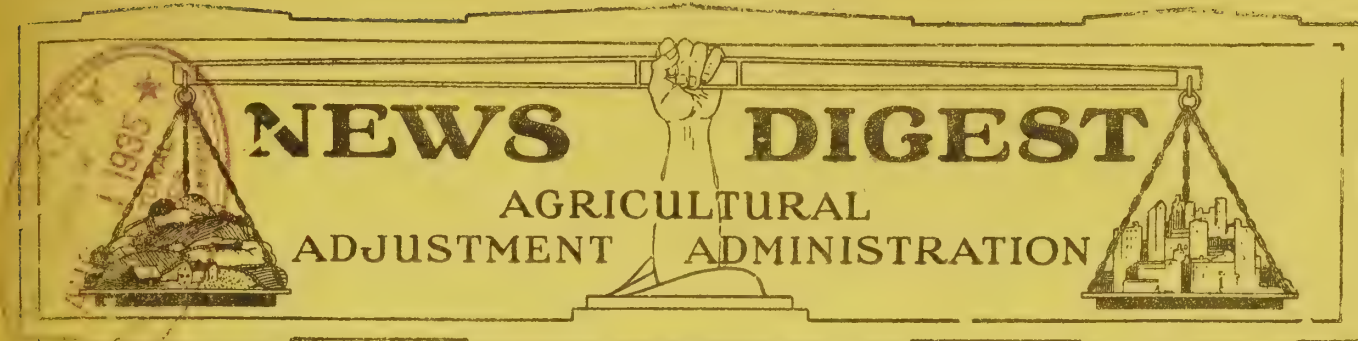
- - - 0 - - -

AMEND BOSTON MILK LICENSE
TO ADJUST CLASS I PRICE

An amended milk license for the Greater Boston sales area has been completed, reducing the price of Class I milk from \$3.49 per hundredweight to

\$3.02 per hundredweight. Because of the large volume of underpriced milk being shipped into the market by unorganized producers and because of the complex enforcement problem, the cooperatives selling milk in Boston agreed with the Agricultural Adjustment Administration on the reduction. The amended license also provides that the formula for computing Class II price shall be based on the Boston cream price. Another change in the license makes it possible for producers to drop out of the market for as much as two months and still maintain their base.

- - - 0 - - -



VOLUME 2, NUMBER 43

July 27, 1935

**1936-39 PROGRAM OFFERED
FOR FLUE-CURED TOBACCO**

Growers of flue-cured tobacco will be offered a new adjustment program, covering the crop years 1936 to 1939, inclusive. As a result of adjustment

in 1934 and 1935 surplus stocks which depressed prices have been removed and growers' income has greatly increased. However, indications are that without an adjustment program, production of flue-cured tobacco would tend to go out of balance, thus causing prices to decline below parity. Ninety-eight percent of the growers voting in the June, 1935, referendum, favored a new program to follow the present one. The program for the 1936-1939 period will: carry forward acreage and production bases already established; provide for one adjustment payment at the end of each contract year; and set a limit of 35 percent on the acreage and production reduction which may be required in any one year. The adjustment payment for each year will be determined after sale of the crop and at such an amount as will make up any difference between actual farm price received and parity price on the domestic portion of the crop. New contract forms will be available at county offices in each of the flue-cured belts just prior to or soon after the opening of the markets. Notice of acceptance of contracts signed by growers must be given by the Secretary of Agriculture not later than February 1, 1936, in order to be effective for that year. In the new program the bases already established will be used with adjustment to obtain more equitable bases as between all classes of growers. Adjustment cannot exceed 10 percent except in case of over-statement. The contract covers four years but it may be terminated at the end of any year by an individual grower. Payments will be made in trust for distribution to each share-tenant or share-cropper in the proportion that the number of acres in the share-tenant's or share-cropper's share of the tobacco grown by him bears to the total number of acres of tobacco grown on the farm. The new contract also provides that the number of tenants and share-croppers on the farm and the percentage of the tobacco acreage grown by tenants and share-croppers may not be reduced below the number and percentage in 1935. The local administration of the program will be handled by county control associations, of which contract signers automatically become members on approval of their contract. Costs of local administration will be prorated among contract signers and such costs will be deducted from their adjustment payments. To encourage use of land that may be taken out of tobacco production so as to conserve and improve soil fertility, the new contract provides for increasing by an amount equal to the acres taken out of tobacco production, the acreage normally used for soil-improving and erosion preventing crops, pasture, fallow or forest trees. Around 137,500 growers in Virginia, North Carolina, South Carolina, Georgia, and Florida are now signers of flue-cured contracts. Growers received approximately \$112,102,000 for the 1933 crop and \$151,793,000 for the 1934 crop as contrasted with \$56,406,000 and \$43,366,000 for the 1931 and 1932 crops respectively. In addition, contracting growers received benefit payments of approximately \$4,481,000 with respect to the 1933 crop and \$15,500,000 in 1934.

1935 CORN LOANS Farmers have repaid 1934 loans on farm-stored corn until
NEARLY ALL REPAID they owe less than \$200,000. This is the second of the
Government's loans on farm-stored corn to enable producers
to market their crop in more orderly fashion and to obtain advantage of price
increases. Of the 15,689 loans made under the 1934 program, a few over 300
loans, approximating \$192,304 were outstanding on July 17. Commodity Credit
Corporation officials believe that complete liquidation will be effected within
a few days. Loans in 1934 totaled approximately \$11,038,390, on 20,067,818
bushels of corn at the loan value of 55 cents per bushel. Loans were made to
farmers in 10 States. The volume of 1934 loans was not as large as under the
1933 program because corn prices had risen considerably above the loan value,
and because corn supplies on farms were very limited. Loans in 1933 amounted to
approximately \$120,500,000 on about 270,000,000 bushels. One-hundred-percent
collection was reported on the 197,000 loans in the 1933 program. A corn loan
will be made available this fall to farmers participating in the 1935 corn-hog
program. It is yet too early to determine supplies which might be on hand this
fall, and consequently it is impossible to establish the loan value at this time.

- - - 0 - - -

PROCESSING TAX RETURNS Cumulative gross receipts of processing and related
TOTAL OF \$866,694,982 taxes from date of imposition through May 31, 1935,
reached a total of \$866,694,982.40. The processing
taxes have been collected on the first domestic processing of 8 agricultural
commodities designated by the Adjustment Act as basic, and compensatory taxes
have been collected on paper and jute products which compete with cotton. The
related taxes include the ginning tax on excess cotton under the Bankhead Cotton
Control Act; and tobacco producers sales tax collected on excess tobacco under
the Kerr-Smith Act. Collections by commodities are as follows: wheat, \$234,019,-
262.98; cotton, \$236,624,912.90; paper and jute, \$12,310,764.27; tobacco, \$48,
469,115.09; field corn, \$10,860,650.51; hogs, \$254,315,586.89; sugar, \$61,500,501.14
;peanuts, 3,367,490.21; rice. \$17,719.80; cotton ginning tax, \$947,212.15; tobacco
producers sales tax, \$3,229,243.25; and unclassified, \$1,032,523.21.

- - - 0 - - -

CANNING COOPERATIVE'S The license of the California Canning Peach Growers,
LICENSE IS RESTORED San Francisco, the largest peach cooperative in Califor-
nia, controlling approximately 50,000 tons, of the pre-
sent estimated crop of 190,000 tons, has been restored by the Agricultural Adjust-
ment Administration. The license was revoked on January 23, 1935, after this co-
operative was found guilty of violations. Since that time the cooperative has been
entirely reorganized, and a new board of directors elected, consisting of none
who was serving at the time of the violations. In view of these facts, it was
decided to restore the license.

- - - 0 - - -

COTTON GROWERS TO GET
BANKHEAD CERTIFICATES

South Carolina has prepared for issuance to growers the State's quota of 1935 cotton tax-exempt certificates under the Bankhead Act, and distribution to the producers themselves will begin in the near future. All States have received their certificates and the work necessary in determining allotments to individual producers is nearing completion. Each State receives a quota on the basis of average production for the 1928-32 period, from the 10,983,264-478-pound net weight bales which may be sold without payment of the 6 cents per lint pound ginning tax under the Bankhead Act. In turn, an allotment is determined for each county tax under the Bankhead Act. In turn, an allotment is determined for each county within the State according to the procedure prescribed by the Act, and such county allotment is prorated to individual farmers.

- - - 0 - - -

MAY HARVEST EXCESS RICE
ACRES; TAKE LESS BENEFITS

Rice growers whose plantings this season are shown upon measurement to be in excess of allotted acreage may harvest such excess acreage up to an amount of 25 percent of allotted acreage if they accept reduced benefit payments, under a new ruling. No payments will be made in any case where the producer's acreage exceeds his allotment by more than 25 percent. The reduced payments will be computed in accordance with a schedule, under which payments will be made on 84 percent of the allotment for a minimum overage of less than 2.1 percent, or will be made on only 50 percent of the allotment in case of a maximum overage of 25 percent.

- - - 0 - - -

CIGAR TOBACCO GROWERS
VOTE ON ADJUSTMENT

Cigar tobacco producers in Wisconsin, Minnesota, Ohio, Indiana, Pennsylvania, New York, and New England have been supplied with ballots bearing the question, "Are you in favor of a tobacco adjustment program to follow the present one which expires with the 1935 crop year?" All share-tenants, share-croppers, renters and landowners who are actually engaged in the production of cigar tobacco in these areas are eligible to vote in the referendum regardless of whether they have signed adjustment contracts. Balloting ends August 3, 1935. Principal features under consideration in a new program include: Use of the previously established base; maintaining production at a level sufficiently below consumption to reduce surplus stocks with acreage reduction not to exceed 40 percent; payments such as would tend to maintain producers' tobacco income at fair exchange value for the domestically consumed portion of the crop.

- - - 0 - - -

ST. LOUIS MILK
LICENSE AMENDED

An amendment to the existing milk license for St. Louis, Missouri, became effective July 25. This amendment provides for adjustment by the market administrator of the prices which distributors are to pay producers for Class I and Class II milk sold outside the sales area.

- - - 0 - - -

FIRST 1935 CORN-HOG
CHECKS TO FARMERS

The first block of 1935 corn-hog adjustment payments -- 61,478 checks totalling \$4,004,914.95 -- have gone to cooperating farmers in 33 states. This marks the beginning of first payments on the more than a million 1935 corn-hog contracts. The initial instalment of about \$84,850,000, distribution of which is now beginning, represents approximately two-fifths of the total corn payment and one-half of the total hog payment due farmers under the 1935 program. Total adjustment payments to cooperating producers this year will amount to nearly \$186,000,000. In the first instalment the producer receives \$7.50 of the total \$15 to be paid per head on the adjustment of 10 percent in hog production, and 15 cents of the 35 cents to be paid per bushel on the production estimated for the acreage retired from corn production. The final instalment of about \$101,133,700 will be due after January 1, 1936. The states to which corn-hog checks were sent today, and the amount represented are as follows: Alabama, \$13,699.80; Arkansas, \$12,850.65; California, \$36,015.00; Colorado, \$62,812.65; Florida, \$11,712.60; Idaho, \$6,195.00; Illinois, \$80,845.05; Indiana, \$116,473.05; Iowa, \$1,195,828.30; Kansas, \$215,358.30; Kentucky, \$9,846.60; Michigan, \$16,243.65; Minnesota, \$120,355.95 Mississippi, \$1,558.95; Missouri, \$313,053.00; Montana, \$17,595.60; Nebraska, \$728,116.05; Nevada, \$4,297.50; New York, \$2,823.90; North Carolina, \$12,497.40; North Dakota, \$266,722.80; Ohio, \$232,425.30; Oklahoma, \$141,156.90; Oregon, \$38,228.85; Pennsylvania, \$30,577.65; South Carolina, \$8,461.95; Tennessee, \$84,230.25; Texas, \$27,388.35; Utah, \$3,060.00; Virginia, \$59,017.35; Washington, \$37,849.20; Wisconsin, \$95,352.60; and Wyoming, \$2,265.00.

- - - 0 - - -

AWARD CONTRACTS TO BUY
3,510,000 POUNDS BUTTER

Contracts for the purchase of 3,510,000 pounds of fresh butter were awarded 7 firms by the Agricultural Adjustment Administration July 26. The butter which will be turned over to the Federal Surplus Relief Corporation for distribution to families on relief rolls, will be delivered beginning August 1, at the rate of 702,000 pounds a week. Most of the butter will be 92 score, and none will be under 90 score. Prices for the butter are based on a differential over market quotations. Bids submitted in response to a schedule calling for the purchase of 2,000,000 pounds of American cheese were also opened, but were held unsatisfactory.

- - - 0 - - -

EVANSVILLE, INDIANA,
MILK LICENSE AMENDED

An amended milk license for the Evansville, Indiana, sales area became effective July 24. This license was amended to add new provisions which clarify the license and bring it into conformity with revisions to the standard form of license made since the license for Evansville was last amended on November 22, 1934. No changes are made in price or classification now in effect in the license.

- - - 0 - - -

NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION



VOLUME 2, NUMBER 44

August 3, 1935

CONTRACTS STIMULATE SOIL-BUILDING CROPS

More than 27,500,000 acres have been shifted from surplus basic crops this year as rented or contracted land under 1935 adjustment contracts. This represents about one out of every twelve acres of cultivated land in the United States. The use of the rented and cultivated acres has been the leading factor in the largest increase in legume acreage ever reported in the United States. The 1935 acreage of alfalfa hay is 1,750,000 acres larger than last year's, having risen from 11,482,000 acres to 13,198,000 acres, a 14 percent increase. During the same time soybean acreage went up 1,200,000 acres, from 4,223,000 to 5,463,000, an increase of over 29 percent. Lespedeza has increased greatly in acreage as evidenced by the volume of seed sold to growers. Hay acreage for 1935 was 66,096,000, an increase of 5,384,000 acres. This improvement in farm management practice, which conserves and builds up soil fertility, insures that the American public will have continued adequate supplies of meat, milk, vegetables, cotton and other food and fiber products, in proportion to needs. The 1935 total of rented or contracted acres is divided among four groups as follows: corn, 11,969,000; wheat, 4,912,000; cotton, 10,293,000; and tobacco, 430,000. A preliminary estimate shows that well over a third of all rented or contracted acres this year were planted to crops that improve and conserve the soil. In the South cotton and tobacco acreage has been widely used for food and feed crops for home use. It is estimated that less than 15 percent of the total contracted or rented land was idle or fallow; and that of the fifteen percent the larger part was fallowed for definite purposes of moisture conservation and weed eradication.

- - - 0 - - -

COTTON OPTION CHECKS TOTAL \$65,777,739

Payments to cotton producers resulting from the exercise of options on the staple placed in the cotton pool totaled \$65,777,739 up to August 1. In the adjustment program of 1933, growers who cooperated were given the privilege of taking part payment in cash and part in options on the Government-controlled cotton, originally acquired as the result of the operations of the Federal Farm Board. As a result 575,312 producers took options on 2,447,474 bales of cotton at a price of six cents per pound. The cotton pool was established to handle the disposition of the option cotton, and to distribute profits to producers, in an orderly manner. The total payments to producers to August 1 by States are: Alabama, \$5,302,525.85; Arizona, \$381,872.58; Arkansas, \$6,733,118.73; California, \$256,488.27; Florida, \$98,978.44; Georgia, \$5,762,797.36; Kansas, \$1,862.06; Kentucky, \$30,973.75; Louisiana, \$3,205,325.89; Mississippi, \$7,819,447.50; Missouri, \$739,862.33; New Mexico, \$366,358.93; North Carolina, \$2,748,723.96; Oklahoma, \$5,358,766.56; South Carolina, \$4,854,525.85; Tennessee, \$1,792,314.23; Texas, \$20,195,103.13; Virginia, \$128,693.61.

- - - 0 - - -

FARMERS RECOMMENDATIONS
SHAPE NEW WHEAT PROGRAM

The new wheat adjustment plan, asked for by wheat producers in their referendum May 25, is expected to be ready to offer farmers soon in substantially its present form. The new contract follows the lines worked out in conferences between the Administration and representative wheat farmers. It will cover the four-year period, 1936 to 1939 inclusive. The contract will become effective on the wheat crop for 1936. So that winter wheat growers may start their planting plans, it was announced that the required reduction with respect to the 1936 crop year will be 15 percent of the base acreage. With the adjustment of 15 percent, any contract signer may plant not more than 85 percent nor less than 54 percent of his base acreage for 1936. Plantings in subsequent years can be varied up or down within a 25 percent maximum, as demanded by conditions. The new program is expected to divert excess wheat acreage to soil improving and erosion-preventing crops and to return some of it permanently to grass or to tree crops. Under the contract the producer has the option of withdrawing from the contract at the end of 1937, if he has met all requirements up to that time. The contract may also be terminated by the Secretary of Agriculture at the end of any contract year by proclamation before July 1 of such year. The producer agrees to adjust his acreage as may be required in any one year but not by more than 25 percent of his base acreage. Producers also agree to plant at least 54 percent of their adjusted base acreage, and if they have other farms not under contract, they agree not to increase acreage on those farms. As consideration for his performance under the contract, the Government agrees to make adjustment payments to producers in such an amount as will tend to bring producers as a whole a parity or fair-exchange value return on their allotments, which are 54 percent of their adjusted average base production. Adjustment payments are to be made in two installments. The first payment is to be approximately two-thirds of the difference between the average farm price and parity price on a representative date before July 1 of the year for which the payment is to be made. The second payment, at the end of the contract year, will be adjusted upward or downward, depending upon the average price of wheat during the marketing year, and will be in such an amount as will tend to complete payment to give the producer a parity return on his allotment, which is the share of his average production consumed in this country. The first installment for each year is to be made after the producer submits proof of compliance with the contract for that year, and the second payment is to be made after similar proof of compliance has been submitted for the crop of the following year. Reasons why wheat farmers may launch their new program with confidence despite processing tax litigation, according to officials, are: first, the new amendments to the Adjustment Act specifically enact the rates of processing tax; second, the provisions in the new contract permitting termination by the Secretary at the end of any year, and allowing grower withdrawal at the end of the first two years, give ample machinery for ending the program in the event of an adverse decision in the Supreme Court; third, signers will be fully protected as to compensation for actual performance of compliance with the contract, up to the time of termination.

REVISE ROUGH RICE
TAX REGULATIONS

Regulations for the rough rice processing tax have been revised to adjust the conversion factors for computing the amount of tax imposed on refunds to be made with respect to articles processed from rice. The regulations, effective August 1, reclassify "milled rice", separately defining "brewers rice" and "other milled rice"; establish separate conversion factors for these articles; and re-establish conversion factors for articles made directly or indirectly from brewers rice or milled rice. The processing tax upon rice is 1 cent per pound, rough rice basis. Under the revised regulations, the conversion factor for brewers rice is changed from 144 to 75, and the conversion factor for other milled rice is changed from 144 to 145. The principal effect of the new regulations is to decrease the import-compensating tax on imported brewers rice from \$1.44 to 75 cents per 100 pounds, and to bring about a slight increase in the rate of compensating tax and export refund on other milled rice.

- - - 0 - - -

POOL TO SELL 1934
BANKHEAD CERTIFICATES

The special cotton tax-exemption certificate pool has been opened to supply the early needs of growers for certificates from those left over in 1934. The special pool will operate only for a limited time, and after it closes, another pool will be established to handle sales of excess tax-exempt certificates issued to growers in 1935 under the provisions of the Bankhead Act. Growers are issued tax-exempt certificates which will allow the sale, tax free, of 10,500,000 bales of 1935 cotton, in addition to the cotton represented by unused certificates remaining from last year. Cotton in excess of that for which certificates have been issued, or are available from last year, must pay a tax of 6 cents per pound. Certificates representing 90,000 bales of cotton have been placed in the special pool for sale at the rate of 5 cents per pound. The sale of certificates acts as crop insurance as those producers whose crops yield less than their allotment gain income from sales of their excess certificates. Last year about \$26,500,000 worth of certificates were sold by growers.

- - - 0 - - -

NEW ADJUSTMENT CONTRACT
FOR LOUISIANA SUGARCANE

A new Louisiana sugarcane production adjustment contract will be offered to Louisiana sugarcane producers for the 1936 crop year, instead of extending the existing contract in its present form. The new contract is now being drafted to be offered to producers in the near future. It will contain changes which appear desirable in light of the experience with the 1934-35 contract. It will provide for the adjustment of production within the limits of approximately 221,000 short tons of sugar, raw value. This will call for production allotments to cooperating producers substantially the same as those in the 1935 contract.

- - - 0 - - -

AMENDMENT TO KANSAS CITY
MILK LICENSE APPROVED

An amendment to the existing milk license for the Kansas City, Missouri, sales area became effective August 1. The pool plan in the license is modified by this amendment in that producers are not paid for milk in accordance with their bases, but are paid a blended price for all milk delivered. This change in no way effects the cost of milk to distributors, since the blended price is derived from the class prices and the usage of the milk in three classes.

- - - 0 - - -

NAVAL STORES LICENSES
AND LOANS SUSPENDED

The license for processors of wood turpentine and wood rosin, and the licenses for agents, commission merchants, distributors and factors of gum rosin and turpentine

were suspended August 5. Also, the provisions of the license for gum turpentine and gum rosin processors which relate to the use of marketing tags were suspended, while the corresponding provisions of the marketing agreement for gum turpentine and gum rosin processors are terminated. The remainder of the agreement and licenses for the gum turpentine and rosin processors will remain in effect. This action was taken in order to permit the industry to reorganize its operations under the amendments to the Agricultural Adjustment Act which have been under consideration by Congress. Also, Government loans by the Commodity Credit Corporation to producers of gum rosin and gum turpentine were suspended because the loan on gum rosin and gum turpentine, like all loans made by the Commodity Credit Corporation, were predicated upon the existence and continuance of an effective plan or program of production or market adjustment. All loans are made directly to producers through the Jacksonville Loan Agency of the Reconstruction Finance Corporation. Following the action of the Corporation suspending such loans producers' notes to be acceptable must bear postmark not later than midnight of July 31, 1935. Loans were made on the basis of \$50 per unit. Including loans made also on the 1934 crop, the Corporation's loans on gum rosin and gum turpentine aggregate approximately \$5,500,000.

- - - 0 - - -

PROCESSING TAX TOTAL
REACHES \$866,694,982

Cumulative gross receipts of processing and related taxes from date of imposition through May 31, 1935 total \$866,694,982.40. The processing taxes have been col-

lected on the first domestic processing of 8 agricultural commodities designated by the Adjustment Act as basic, and compensatory taxes have been collected on paper and jute products which compete with cotton. Related taxes include the ginning tax on excess cotton under the Bankhead Cotton Control Act; and tobacco producers sales tax collected on excess tobacco under the Kerr-Smith Tobacco Act. Collections by commodities are as follows: wheat, \$234,019,262.98; Cotton, \$236,624,912.90; paper and jute, \$12,310,764.27; tobacco, \$48,469,115.09; field corn, \$10,860,650.51; hogs, \$254,315,586.89; sugar, \$61,500,501.14; peanuts, \$3,367,490.21; rice, \$17,719.80; cotton ginning tax, \$947,212.15; tobacco producers sales tax, \$3,229,243.25; and unclassified, \$1,032,523.21.

- - - 0 - - -

NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION



VOLUME 2 NUMBER 45

AUGUST 10, 1935

EXCESS TOBACCO SALES PLAN ESTABLISHED

Contracting flue-cured tobacco growers may market tobacco grown in excess of their present sales allotments by purchasing the unused sales allotments of other contracting growers, and having their allotments increased in the county agent's office, the Agricultural Adjustment Administration announced. This arrangement was developed at the request of tobacco growers from various parts of the belt so as to provide needed flexibility to care for variations in individual crops due to seasonal conditions. Growers having large yields will benefit through sale of their excess tobacco, while those having short crops will benefit through larger payments received from growers whose crops exceed their sales allotment. Producers under both production adjustment contracts and special base contracts may take advantage of the plan. Producers who sell their unused allotments will agree to forego the 1935 adjustment payments under their contracts. All arrangements for the marketing of excess tobacco will be made through county agents' offices. Producers whose crops fall below or exceed their sales allotments may advise their county agents who will assist them to sell or purchase, as the case may be, the unused allotments. Producers having excess tobacco will pay 4 cents per pound to the producers whose allotments are purchased, except in cases where individual producers agree on a different rate. Allotment cards for the quantity of tobacco purchased will be issued at the county office in the name of the producer who makes the purchase. One producer cannot use an allotment card issued to another producer. A producer who sells his unused allotments agrees to divide the money received from the sale with any tobacco share-tenants and share croppers on the farm in the same proportion that the 1935 adjustment payment provided by the contract would have been distributed had the sale not been made. Under the procedure for the 1935 season growers will not transfer tobacco between allotments but will have their own sales allotments increased by the amount of unused allotment purchased, thus establishing a record of the 1935 tobacco production on the farm. The Growers' Advisory Committee and extension workers have approved the general plan and expect it to greatly facilitate the marketing of the 1935 crop. Under this plan total sales by all contracting growers will be limited to not more than the maximum number of pounds allotted under all contracts.

- - - 0 - - -

CALIFORNIA PRUNE AGREEMENT AMENDED

Amendments to the marketing agreement and license for dried prunes produced in the State of California were announced by the Agricultural Adjustment Administration.

The amendments provide, in effect, that the terms and conditions of the agreement and license shall apply only to the 1934 crop, and shall not be applicable to the 1935 or subsequent crops. They also provide that the control board in charge of the agreement and license shall dispose of the reserve tonnage of prunes of the 1934 crop as soon as practicable, under authorization of the growers committee and without further approval by that committee, and without regard to "substandard purchase rights" of handlers.

- - - 0 - - -

HOLD SEED RESERVES UNTIL
NORTHWEST NEEDS DETERMINED

The Agricultural Adjustment Administration has discontinued selling surplus supplies of seed grain that may be needed again in the northwest if drought and rust damage continues undiminished until the harvest season ends in late August. Seed reserves now on hand will be held until a study is made of the current conditions in the northwest. Pending a decision on whether it is necessary to continue the seed conservation program, remaining supplies of adapted seed grains will be held against any possible emergency seed needs. Up to the present, the Government's Seed Conservation Committee has been selling its surplus supplies which remained on hand after all needs for this season's plantings in the drought area were met. When widespread drought conditions last year seriously threatened supplies of adapted grain seed in many regions, the Seed Conservation Committee bought 19 million bushels of various seed grains which had already moved into processing channels, and held them available for use by farmers who were unable to get sufficient supplies of good seed through regular commercial seed channels. Much of the seed was sold to farmers who had been unable to save enough of their own seed grain, or who were unable to get adapted seed through their regular commercial sources of supply. Despite shortage conditions, the grain was sold to them at a fair price, based on cost as grain. Farmers unable to pay for the seed, or unable to obtain credit, were supplied through orders issued by the state emergency relief administrations. A few months ago, when the emergency apparently was past, the committee began to dispose of surplus supplies, as the grain had been purchased only to insure farmers against seed shortage and overly high prices. Some of the seed grains were turned over to the Soil Conservation Service, and a part went to the Resettlement Administration for use in flood areas of New York State. The rest was put up for sale on the open market, and had been bringing premium prices on the present market, which has not to date reached the high point of last year's prices in the case of oats, which made up a large part of the surplus supplies. The committee will for the time being hold off of the market all of its seed, consisting of 3,100,000 bushels of spring wheat and 1,000,000 bushels of durum wheat; 80,000 bushels of flax, 150,000 bushels of malting barley, 60,000 bushels of trebi barley, and 500,000 bushels of seed oats. These supplies will be held until it is determined just what the need for them will be. In the meantime farmers of the northwest are urged to save out enough of their current crops for seed use. Farmers know from previous experience that seed grain not too light weight due to the effects of rust and drought, if properly stored to protect germination, will give satisfactory results when planted the following spring. However, if actual shortage of seed grain develops in any section, the Government is keeping in a position to meet the emergency as it did last year.

- - - 0 - - -

ENTRIES OF SUGAR
CHARGED TO QUOTAS

The quantity of sugar entered for consumption in the United States during the first seven months of this year from Cuba, the Philippines, Puerto Rico, the

Virgin Islands, and Hawaii totalled 3,375,745 short tons, raw value, without final polarization and final outturn adjustments. This quantity has been charged against the 1935 quotas for the areas indicated, the Sugar Section of the Agricultural Adjustment Administration reported. The report, covering entries of sugar from January 1 to August 1, shows that the quantity entered represented 75.7 percent of the total of 4,454,019 tons admissible from those areas under the quotas established for 1935 by General Sugar Quota Regulations, Series 2. Such quotas and the balances available for the rest of the year under such quotas are subject to change under the Jones-Costigan Act when effect is given to the revised data on hand as a result of the investigation of importations from the producing areas in the so-called "basic" years, or if consumption changes, or if any other debits or credits required under the provisions of the Act are given effect.

- - - 0 - - -

LOUISIANA SUGARCANE
PAYMENT DETERMINED

The Agricultural Adjustment Administration announced that the 1934 benefit payment to be paid to Louisiana farmers who have signed sugarcane production adjustment contracts had been determined to be \$2.26 per ton of standard cane, less local administrative expenses. Of this total benefit payment \$1 a ton has already been paid. Standard cane is sugarcane of a specified sucrose content. The benefit payments are made on the production of sugarcane in 1934. Of the total benefit payments to be paid to Louisiana producers for 1934 approximately \$3,200,000 has already gone to producers. The final payment will be made after compliance certificates are approved. The Adjustment Administration announced recently that the initial 1935 benefit payment to cooperating Louisiana sugarcane producers would be 70 cents a ton. The determination of the 1934 benefit payment is based on fair exchange value of sugarcane of \$4.59 a ton and an average price received by farmers of \$2.33 per ton of standard cane.

- - - 0 - - -

TUCSON MILK
LICENSE AMENDED

An amendment to the license for the Tucson, Ariz., milk sales area became effective August 11. The amendment is phrased in somewhat more definite terms in describing the limits of the sales area. In addition, it leaves out rural territory and adds suburban territory to the sales area. The suburban territory now included was included in the proposed license on which a hearing was held, but was not included in the license when issued. The Tucson sales area as defined in the license as amended is: The territory within the corporate limits of the City of Tucson and townships 13 South, 14 South and 15 South; Ranges 13 East and 14 East; all in Pima County. The sales area defined in the license before it was amended included: The territory within the corporate limits of Tucson, and the territory within the precincts of Fort Lowell, Condon Pastime and San Xavier, each in Pima County.

- - - 0 - - -



VOLUME 2, NUMBER 46

August 17, 1935

**FARMERS MAY PLANT
MORE WHEAT IN 1936**

Provision for an increase of 5,200,000 acres in wheat plantings of contract signers for the 1936 crop over the planting requirements tentatively set two weeks ago

was announced by the Agricultural Adjustment Administration. Under this provision, the requirements on plantings have been modified so that contract signers may plant for 1936 a maximum of 95 percent of their base acreage as compared with the tentative maximum of 85 percent indicated in the announcement of the new wheat program of July 31. This step is taken primarily to assure domestic consumers of continued ample wheat supplies, and in addition is expected to benefit farmers by placing this country in a strengthened position in the world export market. This is considered especially important in view of smaller world supplies of wheat. The potential acreage increase of 5,200,000 acres is 10 percent of 52 million acres which may be placed under contract and represents the effect of changing the maximum acreage that may be planted from 85 percent to 95 percent. The production on this increased acreage is expected to serve as an offset to the decrease of 123 million bushels in the Federal wheat crop estimate from July 1 to August 1, as shown by the crop report made public August 9. In the light of this sharp decrease in the crop estimate, the Agricultural Adjustment Administration considered that a larger volume of production in 1936 would be desirable insurance to both the farmer and the consumer against the contingency of another year of bad wheat weather. Seedings for the 1935 crop were about 65 million acres, plantings above contracts having been permitted this spring. A 1936 acreage of about this extent and average yields would result in a crop of slightly more than 800 million bushels. Even at very poor yields production on this acreage would provide an ample margin above domestic needs which are 635 million bushels. At average or high yields, there would be a substantial quantity for export. Regarding the world wheat situation, reports prepared by the Bureau of Agricultural Economics indicate that the world surplus was considerably reduced during the 1934-35 crop year. Present prospects indicate that the world surplus may be further reduced during the 1935-36 crop year. With a further reduction in the world surplus, chances for exports of wheat from the United States during the 1936-37 season are somewhat brighter.

- - - 0 - - -

**LOWER MILK PRICE
IN EVANSVILLE AREA**

A decrease in the price of Class 1 and Class 2 milk is provided for in an amendment to the license for the Evansville, Ind., milk sales area which became effective August 17. Under the amendment distributors will pay 48½ cents per pound of

butterfat in Class 1 milk instead of 53 cents, the former price. The Class 2 milk price is scheduled at 38½ cents per pound of butterfat instead of 43 cents, the former price. The decrease in prices is attributed to the competition of milk which ordinarily does not come into the sales area.

- - - 0 - - -

GROWERS WANT TOBACCO
PROGRAMS CONTINUED

Virtually complete returns from the referenda conducted to determine if growers of Burley, fire-cured, dark air-cured and cigar filler and binder tobacco desire an adjustment program to follow the one that expires with the current season, show that producers who voted were overwhelmingly in favor of the continuation of these programs, the Agricultural Adjustment Administration announced. All share-tenants, share-croppers, renters, and landowners participating in production adjustment programs or actually engaged in the commercial production of tobacco in 1935 were given opportunity to vote. The question voted on was: "Are you in favor of a tobacco production adjustment program to follow the present one which expires with the crop year, 1935?" Exclusive of Indiana, 117,792, or 62.8 percent, of the growers eligible to vote in the Burley referendum actually voted. Of those voting 109,981, or 93.4 percent, voted in favor of a program to follow the one which expires this season. Burley tobacco is grown principally in Kentucky, Tennessee, Ohio, Missouri, West Virginia, Virginia, and North Carolina. A total of 32,997 growers, approximately 63 percent of those eligible to vote, voted in the referendum for fire-cured tobacco. Of those who voted, 30,359, or 92 percent, favored a program to follow the present one. Fire-cured tobacco is grown principally in Kentucky, Tennessee, and Virginia. Returns show that 13,241 growers voted in the dark air-cured tobacco referendum. This is 72.3 percent of the total number of growers eligible to vote. Approximately 92.8 percent of the growers voting favored a continuation of the adjustment program. Dark air-cured tobacco is grown principally in Kentucky, Tennessee, and Virginia. A total of 20,258 growers voted in the referendum for cigar filler and binder tobacco. This is 74.3 percent of the total number of growers eligible to vote. Of the growers who voted, 19,066, or 94.1 percent, were in favor of extending production adjustment programs. Cigar leaf tobacco is grown principally in Pennsylvania, New York, Ohio, Indiana, Connecticut, Massachusetts, New Hampshire, Vermont, Wisconsin, and Minnesota.

- - - 0 - - -

PUERTO RICAN TOBACCO
ADJUSTMENT PLAN

An adjustment program for the 1935-36 crop of type 46, cigar-leaf tobacco, grown in Puerto Rico, has been approved by the Secretary of Agriculture who is exercising his option in the contract to continue for this year the production adjustment contracts entered into with Puerto Rican producers in 1934. The program for 1935-36 offers each producer a choice of two rates of adjustment in his tobacco acreage. The adjustment from the base acreage may be either 35 percent or 20 percent. Producers who choose the 35 percent adjustment will be permitted to harvest both the first and the second crop of tobacco from their allotted acreage, whereas producers who elect to reduce only 20 percent will be permitted to harvest but one crop of tobacco. Benefit payments are expected to total approximately \$1,113,000 compared with \$1,884,000 for 1934-35, and \$634,000 in 1933-34. It is estimated that total income of these growers in 1935-36 from tobacco sales and benefit payments will be approximately \$7,329,000, compared with \$6,134,000 in 1934-35, \$4,014,000 in 1933-34, and \$2,640,000 in 1932-33. Growers who did not participate in the Puerto Rican program during the first two years of its operation will be given an opportunity to sign contracts for 1935-36. The 10,000 contracts now in effect represent approximately 90 percent of the number of growers producing this type of tobacco. When this program was inaugurated in January, 1934, the supplies of Puerto Rican tobacco were in excess of the requirements for consumption. The adjustments made by growers in the 1933-34 and 1934-35 crops have resulted in the removal of virtually all of this excess tobacco. For this reason it is desirable that the 1935-36 crop be equal to the current rate of annual consumption and a moderate increase in acreage from that of last year is believed necessary in order to achieve this result.

- - - 0 - - -

ADJUSTMENT PROGRAM
FOR SUGARCANE SIRUP

The general outlines of a proposed production adjustment program for commercial producers of sugarcane for sirup in the southern states were announced by the Agricultural Adjustment Administration. This program which is to be offered to growers as soon as the adjustment contract is approved is expected to add approximately \$2,500,000 to the income of producers of this commodity for the crop years 1934 and 1935. Under the proposed program approximately \$1,500,000 of this will be paid as benefit payments on the 1934 crop and the remainder will be paid on the 1935 crop. The proposed program seeks to reduce the surplus carryover of sirup by limiting the production and sales of sirup from the 1935 crop of each contract signer to the amount produced and the amount sold from the 1934 crop. It seeks also to prevent diversion to the production of sugar of any sugarcane usually grown for sirup in Louisiana. This is expected to be accomplished through offering sirup producers an adjustment contract comparable to that of the Louisiana sugarcane for sugar production adjustment program. The proposed adjustment contract is expected to be signed by approximately 70,000 farmers who produce sugarcane for sirup on a commercial basis in Louisiana, Georgia, Alabama, Mississippi, Florida, Arkansas, Texas, and South Carolina. The first benefit payments will be made after approval of compliance certificates. The program was requested by growers in the sirup producing states. It follows, and is supplementary to, the adjustment programs which have been put into effect for sugarcane in Louisiana and Florida and in the sugar beet growing areas.

- - - 0 - - -

QUOTA CERTIFICATION
FOR CUBAN SUGAR ENTRIES

Certification to collectors of customs by the Sugar Section of the Agricultural Adjustment Administration that Cuban sugar entering the continental United States is within the 1935 quota for that area is now required. This requirement became effective August 15. Such certification is required for Cuban sugar for further processing, as well as for direct-consumption purposes. Notice to this effect has been given to collectors of customs by the Commissioner of Customs at Washington, D. C. Importers of such sugar should request the Sugar Section to certify to the collector of customs that the sugar which they desire to enter for consumption is within the 1935 quota for Cuba. Importers desiring to bring in Cuban sugar within the 1935 quota should apply to the Sugar Section specifying the weight in pounds, approximate polarization of each importation, the port of entry, the name of the vessel and date of arrival. If the sugar to be entered is in warehouse, that information should be given. Customs officials will release the sugar upon receipt of such certification from the Sugar Section. Through August 13, 1935, there had been recorded against the 1935 Cuban sugar quota 1,265,833 tons of sugar for processing and 347,000 tons for direct consumption.

- - - 0 - - -

HIGHER MILK PRICE
UNDER PHOENIX LICENSE

Increases in prices which distributors are required to pay for milk are contained in an amendment to the license for the Phoenix, Ariz., milk sales area which became effective August 16. The new schedule provides that Class 1 milk shall be paid for at the rate of 55 cents per pound of butterfat instead of 50 cents, the former price. The price of Class 2 milk is increased from 40 cents per pound of butterfat to 45 cents per pound. Decreased production for the sales area made the price increases necessary. Under the amendment, the method of prorating to producers proceeds of class prices is changed from a market pool basis to individual distributor pools. Minimum resale prices contained in the former license are not contained in the license as amended.

- - - 0 - - -

LARGER ALLOTMENTS
TO SELL FLUE-CURED

An amendment to an administrative ruling under which contracting growers of flue-cured tobacco, who have complied with their contracts and who have produced tobacco in excess of their allotments may obtain immediately increased allotments through the offices of county agricultural agents, was announced by the Agricultural Adjustment Administration. Under the previous ruling, growers with production in excess of their allotments could obtain additional allotments only after sales had been completed by contracting growers with allotment deficits. The reason for the amendment is that in some parts of the flue-cured tobacco belt, where markets were opened early, contracting growers with production beyond their allotments are having difficulty in finding producers with deficits who have completed their marketings. The new ruling permits contracting growers with excess tobacco to purchase additional allotments from other growers either before or after the latter have finished the sale of their tobacco, provided those selling allotments retain a sufficient amount of allotment under their contracts to sell all of their tobacco which has not already been sold. In such cases, the transfer of allotments will be made through the offices of county agents but the payments will be made to the growers who sold the allotments. If a contracting grower with excess production is unable to purchase additional allotments from other growers, he may go to a county agent and obtain the additional allotment he requires by signing an agreement and by delivering to the county agent a certified check or postal money order made payable to the order of the United States Department of Agriculture, in an amount equal to 4 cents per pound for each additional pound of allotment required. The funds accumulated through these direct payments will be used in making benefit payments to growers who cooperated in production adjustment.

- - - 0 - - -

GROWERS SUGGEST PEANUT
PRICE STABILIZING PLAN

An advisory committee of peanut growers has recommended to the Agricultural Adjustment Administration a plan designed to stabilize prices of the 1935 peanut crop through an arrangement for diverting to oil any peanuts which would not be absorbed in the regular channels of trade at prices representing a reasonable return to growers. The proposed plan, which is similar to the diversion plan followed last year, would be supplementary to a production adjustment program for peanuts. Under the plan millers who entered into agreements with the Adjustment Administration would receive payments on peanuts used for the manufacture of peanut oil. These payments would be at such rates as would tend to make up the difference between the value of the peanuts for oil and the specified prices for peanuts, which it is desired to establish and maintain. In this way, the payments would enable oil millers to offer these prices to growers. It is believed that the oil market is able to absorb any surplus which the edible peanut trade can not absorb at these prices. For this reason the prices offered by oil millers would tend to be established as minimum prices below which peanuts could not be purchased for edible uses. The plan would not require that any farmers' stock peanuts be sold to oil manufacturers. The quantity which would go to this use would be determined by the prices which cleaners and shellers offered for farmers' stock peanuts. The plan would assure growers that regardless of what cleaners and shellers offer, there would be a market for their crop at prices substantially higher than oil market values. The payments would be financed from funds available from processing taxes on peanuts.

- - - 0 - - -

LOWER CLASS 1 MILK
PRICE FOR ATLANTA

An amendment to the license for Atlanta, Ga., milk sales area which decreases the price of Class 1 milk and adds a fourth class to the milk classification already in the license, became effective August 13. Under the amended license distributors will be obligated to pay producers on a basis of \$2.60 per hundredweight of Class 1 milk testing 4 percent butterfat instead of \$2.70, the former price under the license. The price of Class 2 milk will continue at \$1.85 per hundredweight. The Class 3 milk price is changed from a formula of the price of Chicago 92-score butter plus 20 cents per hundredweight, to a basis of the price of Chicago 92-score butter plus 36 cents per hundredweight. The amended license separates ice cream and ice cream mix from Class 2 milk and places them in Class 3. Through a change in definition, Class 3 milk becomes Class 4 milk. The price for Class 4 milk will be the same as the former price for Class 3 milk -- Chicago 92-score butter plus 20 cents per hundredweight.

- - - 0 - - -

WICHITA MILK PRODUCERS
TO GET HIGHER PRICES

An increase in price of 3 cents per pound for butterfat contained in Class 1 milk and an increase of 2-1/2 cents per pound for butterfat contained in Class 2 milk are provided for in an amendment to the license for the Wichita, Kans., milk sales area which became effective August 15. Under the license as amended, distributors are required to pay 53 cents per pound of butterfat in Class 1 milk instead of 50 cents, the former price. The Class 2 milk price has been increased from 47.5 cents per pound of butterfat to 50 cents. Minimum resale prices contained in the license have been taken out of the amended license. Decreased milk production for the sales area necessitated the increases in price to producers.

- - - 0 - - -

TULSA MILK
LICENSE AMENDED

An amendment to the license for the Tulsa, Okla., milk sales area became effective August 16.

The amendment, in addition to substituting more recent provisions with respect to disclosure of the fact of non-compliance of distributors, distributors financial responsibility and deductions for marketing services, also increases the Class I price from 51 cents to 60 cents per pound butterfat and the Class II price from 48 cents to 50 cents per pound butterfat.

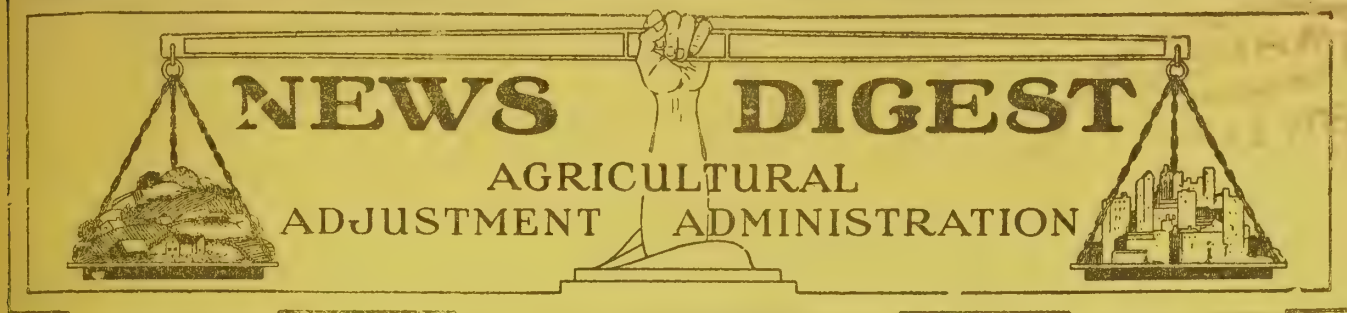
- - - 0 - - -

MILK LICENSES
IN STANDARD FORM

An amended license for the Newport, R. I., milk sales area became effective August 16. Under the change, the license now is drafted in standard form. No

changes are made in the provisions of the license. An amended license for the Louisville, Ky., area became effective August 17. This license also now is in standard form.

- - - 0 - - -



VOLUME 2 NUMBER 47

August 24, 1935

**1935 COTTON LOAN PLAN
ASSURES GROWERS' INCOME**

The Secretary of Agriculture and the Commodity Credit Corporation announced with the approval of the President that a cotton loan plan would be put into immediate operation on the 1935 crop which would assure cotton producers an average return of not less than 12 cents per pound on cotton grown in 1935. The Agricultural Adjustment Administration will make payments to cotton farmers to equal such difference, if any, as may exist between 12 cents and the average price of 7/8 inch middling cotton as reflected in the 10 spot markets during the period from September 1 to January 1. This period is chosen as covering the harvest months. Such payments as may be made will be limited to the individual producer's actual production up to the amount of his Bankhead allotment. The Commodity Credit Corporation will offer a loan of 9 cents per pound at the farm, without recourse on the borrower, on 13/16 inch low middling cotton or better. The rate of loan is obviously substantially below the present or prospective price levels. The loan offer will apply only to those producers who are cooperating in the 1935 program and who agree to cooperate in the 1936 program. Plans for the 1936 program are being developed. The loan plan, it was pointed out, would permit the free movement of the crop into consumptive channels and at the same time protect the producers' income from the crop. With the 1935 crop currently estimated at 11,798,000 bales, at present levels of world consumption, domestic and foreign mills should require at least 11,500,000 bales of the 1935 crop, and with less than 1 million bales of free cotton in the hands of the trade, a strong buying movement should result which would permit the new crop to move readily into consumptive channels. Stocks of cotton held by producers under the 1934-35 12-cent cotton loan, it was emphasized, are not available at present price levels. Producers cannot close out those stocks until the price goes high enough to cover the loan plus carrying costs and they probably will not sell unless prices exceed 13 cents. Prospects for cotton consumption are much improved as compared with last season. Last month's domestic utilization was 9 percent above July of last year and the general rising tide of industrial activity promises higher cotton consumption through the whole of the cotton season.

**REGIONAL CONFERENCES
ON NEW WHEAT PROGRAM**

Regional conferences of extension workers, crop statisticians, farm leaders, and other officials responsible for the administration of the wheat adjustment program,

will be held in the major wheat areas of the country next week, preparatory to offering the new 4-year wheat contract to farmers. The new wheat contract has now been approved, and forms are being completed for discussion at the conferences. The tentative rye adjustment program will also be discussed at the regional meetings. The first conference will be held at Salina, Kans., August 27 and 28. Similar meetings will be held at Bloomington, Ill.; Aberdeen, S. D.; and Boise, Idaho, on August 30 and 31. A conference for representatives from eastern states will be held in Washington, D. C., on September 4 and 5. A series of state and county meetings, at which every farmer will have opportunity to discuss details of the wheat program, will be planned at the regional conferences of state and federal administrative officials.

FIRST BILLION DOLLAR
COTTON CROP SINCE 1929

The first billion dollar cotton crop since 1929 should result from the President's action in approving the new cotton loan and payment plan for 1935, the Administrator of the Agricultural Adjustment Act predicted. The plan not only promises the best cotton income the South has enjoyed for years, but it also means enlarged outlets for cotton exports, which are of immense importance to the cotton industry, the Administrator said. The forecast of a probable "billion dollar cotton crop" for 1935 is based on estimates of total farm value of cotton, including any payments necessary to bring the average return up to 12 cents, exceeding 700 million dollars, rental and benefit payments under the cotton adjustment program totalling about 126 million dollars and farm value of cotton seed totalling between 150 million to 175 million dollars. To get any figure for farm value of cotton higher than that indicated for this year, it is necessary to go back six years to 1929. Department of Agriculture figures show that in 1929 the crop brought \$1,445,617,000; in 1930 it brought \$794,794,000; the 1931 crop brought \$556,068,000; in 1932 the crop brought \$483,887,000; the 1933 crop brought \$891,808,000; and in 1934 the crop brought \$883,596,000.

- - - 0 - - -

PRODUCERS MUST WATCH
COTTON MARKET PRICE

The present cotton loan policy offers every inducement to producers to proceed cautiously and slowly with the marketing of this year's cotton crop. If an individual producer sells his cotton today with the market below 11 cents and then there should be an advance in the market to 12 cents or better continuing through the four harvesting months, so as to bring the average price in the ten spot markets to 12 cents or more for that period, there would be no payment and such producer would have to be content with the price he received from the sale of his cotton. On the other hand if he holds his cotton, so as to market it later in an orderly way, borrowing if necessary 9 cents per pound to meet current expenses, he will get the benefit of any advance in the market that may take place, at the same time being protected against loss on account of decline since he would be assured of the 9 cents which he borrowed and would get his payment representing the difference between the average market price for the season and 12 cents.

- - - 0 - - -

COTTON POOL SALES
DISCONTINUED TEMPORARILY

Sales of cotton from pool stocks have been discontinued to give the trade an opportunity to analyze the cotton loan policy announced by the Secretary of Agriculture and the Commodity Credit Corporation, the Manager of the 1933 Cotton Producers' Pool announced. The Pool Manager stated that in his judgment the closing of the pool would be temporary since he felt that when the trade fully understands the effect of the new loan policy its influence will be found to be distinctly beneficial and that the market should recover to a point where sales of pool cotton may be gradually resumed to the advantage of pool members.

- - - 0 - - -

CUBAN SUGAR IMPORT
QUOTA IS EXHAUSTED

The 1935 revised quota for importations of sugar from Cuba of 1,822,596 short tons raw value had been exhausted, the Sugar Section of the Agricultural Adjustment Administration announced. Officials called attention to Section a (A) (1) of the Agricultural Adjustment Act, as amended, under which there is a possibility that hereafter, because of drawbacks allowed, the quota for the calendar year 1935 for sugar produced in Cuba may be reopened.

- - - 0 - - -

FISCAL YEAR REPORT LISTS
EXPENDITURES AND RECEIPTS

In the August report of its comptroller, the Agricultural Administration reported that during the 1935 fiscal year it had expended a total of \$807,686,134 from available funds amounting to \$960,334,220, thus carrying a balance of \$152,466,086 forward into the current fiscal year. The expenditures included \$563,438,812 in rental and benefit payments to farmers under adjustment contracts in five commodity programs; \$12,591,001 for removal and conservation of surplus agricultural commodities; \$148,520,819 for drought relief, food conservation and disease eradication activities; \$13,704,070 in connection with trust fund operations; \$38,583,642 for administrative expenses; \$30,292,782 for refunds of taxes; and \$737,005 for disbursement expense. The funds available included \$71,572,151 in processing tax receipts available at the beginning of the 1935 fiscal year (July 1, 1934) and \$281,565,270 from appropriations and trust funds; and additions throughout the 11 months of the year of \$495,272,096 in processing tax collections, and \$111,924,702 from appropriations, trust funds, and other sources. It should be noted that processing tax collections for the month of June, 1935, were not available at the time the report was prepared, and this would add approximately \$30,950,261 to the amount of funds available from this source. Rental and benefits during the fiscal period reported were divided among commodities, as follows: cotton, \$116,195,930; wheat, \$98,223,175; tobacco, \$28,767,914; corn-hogs, \$302,407,647; sugar, \$17,844,145. Removal of surplus operations, involving total expenditures of \$12,591,001, were divided as follows: hogs, \$1,426,470; wheat, \$1,087,744; dairy products, \$9,037,240; sugar, \$365,536; and peanuts, \$674,008. Drought relief, food conservation, and disease eradication operations expenditures were for cattle, \$123,026,964, of which \$11,486,937 was spent in connection with disease eradication, and \$111,540,027 was spent in the purchase of drought cattle. Other expenditures under this heading were \$7,709,879 for drought sheep and goats, \$17,780,661 in the conservation of adapted seeds in the drought area, and \$3,314 in connection with the feed and forage conservation program. Trust fund operations included \$13,653,325 distributed to producers who pooled their excess cotton-tax-exemption certificates for sale to producers with excess cotton, and \$50,745 distributed from a rice trust fund set up under the southern rice marketing agreement.

- - - - 0 - - - -

HEARING ON LOUISIANA
SUGARCANE CONTRACT

A public hearing upon a proposed Louisiana sugarcane adjustment program for the year 1936 will be held at the Department of Agriculture, Washington, D. C.,

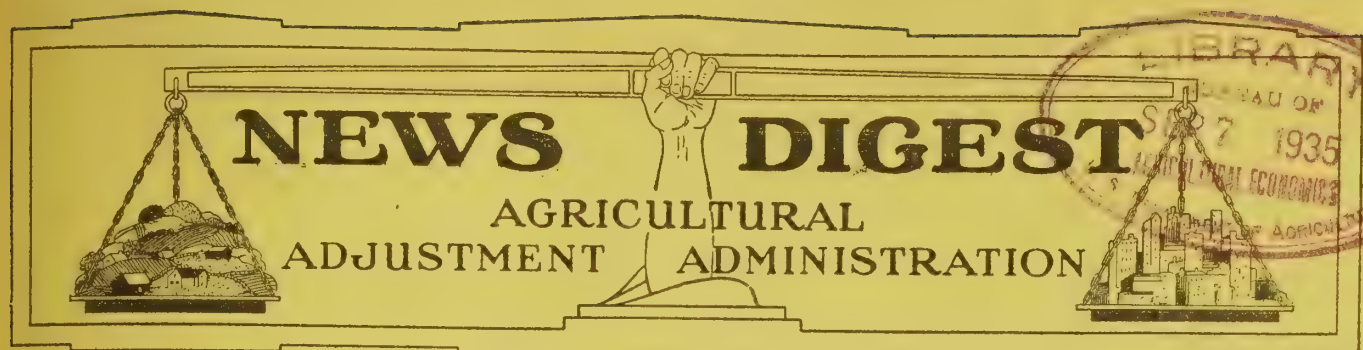
August 26.

- - - - 0 - - - -

ONE COUNTY COMPLETES
BANG'S DISEASE TEST

The first county in the United States to complete testing of all cattle that are required to be tested in the Bang's disease eradication program is Boteourt County in Virginia. Testing to eradicate Bang's disease in cattle is under way in all States except California and Wyoming. These States are expected to participate in this nation-wide program in the near future. The Bang's disease eradication program is being carried out on a cooperative basis between the States and the Federal Government. The work is conducted by the Bureau of Animal Industry, with funds allotted by the Agricultural Adjustment Administration, under the rules and regulations prescribed by the Secretary of Agriculture. Funds for this program were provided by the LaFollette amendment to the Jones-Connally Act which was passed by the Seventy-third Congress and approved April 7, 1934

- - - - 0 - - - -



VOLUME 2 NUMBER 48

August 31, 1935

**TOBACCO PROCESSING
TAX HEARING CALLED**

A public hearing will be held September 9 to determine whether the processing tax rates provided under the amendments to the Agricultural Adjustment Act

will cause a reduction in the consumption of certain types and uses of tobacco and, if so, what rates would not cause such reduction. The types and uses of tobacco to be considered are: cigar-leaf tobacco generally and cigar-leaf used in the manufacture of scrap chewing and smoking tobacco, and Burley tobacco used in chewing and smoking tobacco products. The present rate on cigar leaf tobacco is 3 cents per pound except on that used in scrap chewing and smoking tobacco, for which the rate is 2 cents per pound. Under the Agricultural Adjustment Act, as amended, these rates will be increased on October 1 to 3.3 cents unless it is determined that the higher rates would cause such reductions in the domestic consumption as to result in the accumulation of surplus stocks or the depression of the farm price. The present rate on Burley tobacco is 6.1 cents per pound, except Burley used in chewing tobacco, for which the rate is 2.5 cents per pound. On October 1, the rate on Burley used in all classes of products will be adjusted to 3.5 cents per pound unless it is determined that such a rate would cause reductions in the domestic consumption as to result in the accumulation of surplus stocks or the depression of farm prices. The hearing will be held in hearing room No. 1, Bureau of Internal Revenue Building, Washington, D. C. It was also announced that the tax rate on flue-cured tobacco will be reduced to 1.9 cents per pound on October 1. The present rate on this type is 4.2 cents per pound except for chewing tobacco for which the rate is 2 cents. The rate on dark air-cured tobacco which is 2 cents per pound on chewing tobacco and 3.3 cents on other products will remain unchanged. The present rates on fire-cured tobacco are 2 cents per pound when used for chewing tobacco and 2.9 cents per pound when used in other products. Under the amendments, these rates will be adjusted to 2.1 cents per pound on October 1.

- - - 0 - - -

**FLORIDA CANE PROGRAM
OPTION NOT EXERCISED**

The Agricultural Adjustment Administration announced that the option of the Secretary of Agriculture to extend the present Florida sugarcane production ad-

justment contract to the 1936-37 crop year had not been exercised and that public hearings are to be held in the near future upon the need for a 1936-37 sugarcane program in Florida. The present Florida sugarcane production adjustment contract was for the crop years 1934-35 and 1935-36 and gave the Secretary of Agriculture the option of extending the contract to the 1936-37 crop year. This option expired on August 30.

- - - 0 - - -

COTTON LOAN
PLAN MODIFIED

Modification of the new cotton loan plan was announced by the Agricultural Adjustment Administration. The objective of the Administration has been to get an average return of at least 12 cents per pound, basis 7/8 middling, for the producers of cotton. The plan announced last week was modified, one change making it possible for each producer of cotton to know on marketing his cotton the total amount he will receive for it. The new plan proposes a loan of 10 cents per pound on 7/8" low middling or better. The total received by growers of cotton which does not command premiums cannot exceed 12 cents per pound, so long as the base price is below 12 cents per pound. Instead of making the adjustment payment on the basis of the four months' average of 10 spot markets, this adjustment payment will now be based on the daily average of the 10 markets. In other words, the adjustment payment will be made on the basis of the 10 spot market average on the actual day that the cotton is sold by the producer. These adjustment payments will be made through the cotton year up to August 1, 1936. As before stated they will be made to those producers who have cooperated in the adjustment program and who agree to participate in the 1936 crop program. Adjustment payments to cotton farmers will be limited to 2 cents per pound. If it should develop that prices drop below 10 cents - a highly improbably contingency - producers would be expected to put their cotton in the loan and wait for prices to recover. Loans and payments will be restricted to actual production not in excess of the Bankhead allotment. This program for loans and adjustment payments on the 1935 crop will go into effect as soon as it is physically possible to set up the necessary machinery. The loan forms probably will be available for the 10 cents loan during the week of September 2. The adjustment payments will apply to all sales of 1935 cotton, including those already made.

- - - 0 - - -

COTTON GROWERS URGED
TO KEEP SALES RECORDS

Cotton producers who may wish to sell their cotton immediately and whose crop is already being harvested and ginned for sale are urged by the Agricultural Adjustment Administration to obtain and keep sales slips from buyers, so as to be sure to have adequate sales records on which the Government will be able to make adjustment payments under the new loan and payment plan. The necessary forms upon which payments of the difference between the average price and 12 cents will be disbursed are being prepared. In the interim producers who desire to market their crop are advised to compile a careful record which will include a description of the cotton sold, the buyer to whom the cotton was sold, the date of sales and the names of the parties, including tenants, who have an interest in the cotton sold. It is especially important that producers should obtain from the buyer a memorandum of sale which contains the date of sale and the gross weight of the bale or bales sold.

- - - 0 - - -

HEARINGS ON FOUR
TOBACCO PROGRAMS

Public hearings upon proposed Burley, Maryland, fire-cured and dark air-cured tobacco adjustment programs for the year 1936 will be held in the South Building, Department of Agriculture, in Washington, D. C. on September 3. At the hearings all interested parties will be given an opportunity to be heard with reference to the exercise of such of the several powers conferred upon the Secretary of Agriculture by the Agricultural Adjustment Act as well be best calculated to effectuate the declared policy of the Act with respect to those kinds of tobacco. Also interested parties will be heard upon the terms of a proposed contract for the adjustment in the acreage or in the production for market of Burley, Maryland, fire-cured and dark air-cured tobacco and for rental or benefit payments in connection with such adjustment programs. The present contracts expire with the 1935 crop.

- - - 0 - - -

LOOK TO GROWERS
FOR POTATO PLAN AID

The Agricultural Adjustment Administration announced that administration of the potato control act would be under the immediate supervision of the Director of the division of tobacco, sugar, rice and peanuts. At the direction of the Administrator of the Agricultural Adjustment Act, steps have already been taken to assemble data and establish administrative machinery necessary for operation of the act. Proposals to remove surpluses and to adjust acreage through contracts and all other suggestions will be carefully considered before the formulation of a program to carry out the potato control act. It is hoped that the operations of the potato control act will result in an increased income to potato producers. The growers, themselves, are depended upon to aid in the drafting and execution of a plan which will carry out the aims of the legislation. The Act proposes the levying of a tax upon all potatoes sold in excess of a national sales allotment for potatoes. Its passage by Congress followed two years of heavy production and low prices to commercial growers of the product. It is a matter of record that potato growers as a whole have received larger total incomes in the past during years of medium or even short production than they did in seasons of heavy production. It is estimated that under prevailing demand conditions, potato producers in the United States might expect to receive approximately \$72,000,000 more for a total crop of 340,000,000 bushels than for 400,000,000 bushels. By the terms of the Act, the allotment year for potatoes is the 12-month period beginning December 1 and ending November 30. The first allotment year begins December 1, 1935. Information concerning the provisions of the potato control act may be obtained from the Agricultural Adjustment Administration.

- - - 0 - - -

1935 COTTON CERTIFICATE
POOL TO START OPERATING

The regular 1935 national pool for the sale of surplus cotton tax-exemption certificates will start receiving certificates from growers September 4, the Agricultural Adjustment Administration announced. The special pool, now in operation, will stop receiving certificates September 3. Officials believe that the special pool will sell all of the certificates it now holds within a period of 60 to 30 days. The special pool is handling certificates that were not sold last year, which were carried over by producers from 1934 and not put into the pool last year, and 1935 certificates in cases where part or all of the grower's cotton has been definitely destroyed. The regular 1935 pool which opens September 4 will for the most part handle 1935 certificates, although it also can take care of certificates carried over and not put into the special pool. The regular pool will sell certificates for a price representing 5 cents per pound of cotton. That is the same price in effect for the certificates in the special pool. The pools for the sale of tax exemption certificates are a development of the Bankhead plan, and are designed to offer growers added protection. Under the Bankhead Act a national allotment of cotton that may be ginned tax-free is fixed. Each grower has his individual share of that allotment. When cotton picking time comes some growers may find that their crops are short - they have more tax exempt certificates than they have cotton. Others may have more cotton than is covered by certificates. Both stand to gain if growers with extra certificates can sell the certificates to growers with extra cotton at a price lower than the ginning tax. Within counties such deals can be made personally. The pools were established to handle transfers over larger areas. The regular 1935 certificate pool will be run along lines similar to those followed last year. Growers are advised to get in touch with their county agents or assistants in cotton adjustment, who will enter certificates in the 1935 pool.

- - - 0 - - -

SUGARCANE CONFERENCE
SET FOR LOUISIANA

A conference of all interested Louisiana sugarcane producers will be held at Louisiana State University, Baton Rouge, La., September 4, to consider the proposed 1935 production adjustment contract for sugarcane. The conference has been arranged to give producers further opportunity to discuss the proposed contract. The public hearing which began in Washington on August 26 on a proposed production adjustment program for Louisiana for 1936, under the amended Agricultural Adjustment Act, has been recessed until a date not later than September 11 at which time further testimony may be presented.

- - - 0 - - -

SAVANNAH MILK
LICENSE SUSPENDED

An order suspending the license for the Savannah, Ga., milk sales area will become effective as of September 1. The license for distributors in the Savannah milk sales area was issued August 11, 1934, and became effective August 16, 1934. It was amended on October 15, 1934 and on March 1, 1935. From the early part of May up to the present time, the market has been in an unsettled condition due to the lack of agreement among the various groups in the market.

- - - 0 - - -

CANE "FAIR PRICE"
TENTATIVELY SET

A tentative determination of the "fair price" to be paid to cooperating Louisiana sugarcane producers for their 1935 crop was announced by the Agricultural Adjustment Administration. This provides that the price basis at which sugarcane was bought by processors under their purchase contracts in effect in 1933 is to be deemed the fair price from 1935. Under the tentative determination each processor would purchase sugarcane from growers on exactly the same basis that he did in 1933. The definition of standard sugarcane varied in 1933 between different processors. Sugar Section officials said however that in making the 1935 benefit payments to cooperating growers, standard cane will be defined for the entire Louisiana sugar district and uniform conversion rates will be applied throughout the district. Producers and processors will be heard upon the tentative determination at the sugarcane conference which is to be held at Baton Rouge on September 4.

- - - 0 - - -

HEARINGS ON PROPOSED
RYE ADJUSTMENT PLAN.

A public hearing will be held at Washington, D. C. on September 6 on a proposed four-year rye adjustment program. A similar hearing was held at Aberdeen, S. D. on August 29. The hearing in Washington will be held in the South Building of the Department of Agriculture. The hearing is being held under the provisions of the new amendments of the Agricultural Adjustment Act, which require such action before a production adjustment program can be put in effect. The amendments place a processing tax on rye at the rate of 30 cents per bushel, effective September 1. The proposed rye program is expected to parallel the 4-year wheat program for the years 1936 to 1939 inclusive and the administration of the two programs will be integrated both in Washington and in the states. Most rye is grown in states where wheat is also an important crop. Because abandonment of seeded rye acreage varies widely from year to year, the adjustment program for rye is to be based primarily upon the acreage of the crop harvested as grain.

- - - 0 - - -



NEWS DIGEST

1935
AGRICULTURAL
ADJUSTMENT ADMINISTRATION

VOLUME 2 NUMBER 49

September 7, 1935

POTATO ALLOTMENT STUDIES BEGIN

Work on arriving at the national allotment of potatoes prescribed under the Potato Control Act and the allotments to the potato growing states is proceeding

rapidly, according to the chief of the newly formed potato section of the Agricultural Adjustment Administration. These allotments are expected to be ready for announcement before November 1, and will be discussed thoroughly with the potato growers before they become final. As a matter of fact all problems involved in the Act will be threshed out with the producers themselves. The potato section intends to rely upon growers for guidance and advice as to questions of enforcement also. The cooperation of farmers is vitally important to the success of this program, it is pointed out. The Potato Control Act is intended to result in the normal production of potatoes. The Act aims to prevent overproduction which had caused losses to growers in the past. Operation of the Act is intended to bring potato prices to a level such as will eliminate the distressingly low prices received by growers the past two seasons, but not to lift consumer prices above moderate levels. The Act exempts from any tax a quantity of potatoes deemed sufficient to meet current consumption demands at prices on a parity with prices the potato grower must pay for the things he buys.

- - - 0 - - -

HOLD SEED WHEAT UNTIL NEEDS DETERMINED

Adequate reserves of adapted varieties of seed wheat will be held until more complete information on needs for seed are received, the Agricultural Adjustment Ad-

ministration announced. This decision was made on the basis of a preliminary report on crop conditions in the northwest area which has been hit by heat and rust. The report was from the chief cerealist of the Department of Agriculture's Bureau of Plant Industry who just returned after spending two weeks in the northwest. The seed conservation committee, a unit of the President's Drought Committee, announced that reserves of at least 1 million bushels of hard spring wheat and 350,000 bushels of durum wheat will be maintained. While it still is too early to get a complete picture of this year's small grains crops, and although yields are running light, it is reported that agronomists in the area feel that if farmers and elevators save the best of locally produced crops they probably will have enough seed to meet their planting needs. A more definite estimate of the situation may be made by the middle of October. The seed conservation committee also announced that reports from the northwest show that the area will have adequate supplies of seed of oats, barley and flax, so that there is no need to continue holding seed reserves of those grains. The grain now held by the committee was bought last year during the drought to prevent its movement into processing or feeding channels when it was apparent that some farmers would have no other source of supply of seed of adapted varieties.

- - - 0 - - -

FIRST 1935 CORN-HOG
PAYMENTS REACH FARMERS

More than \$30,800,000 has been distributed to cooperating corn-hog producers as first payments under their 1935 adjustment contracts. Since distribution of first payments was begun on July 27, a total of 448,856 checks, amounting to \$30,886,763 had been mailed from Washington prior to August 30. Approximately 85 million dollars will go to farmers in the first installment. The final installment of about 10 million dollars does not fall due until after January 1, 1936. A total of 517,017 corn-hog contracts, more than one-half of the total number of 1935 contracts, have arrived in Washington for auditing and final acceptance. First payments under 1935 corn-hog contracts have been distributed as follows among farmers in the following states: Maine, \$1,050; New Hampshire, \$4,950; Vermont, \$6,914; Massachusetts, \$85,158; Rhode Island, \$975; Connecticut, \$5,654; New York \$52,933; New Jersey, \$72,665; Pennsylvania, \$140,707; Ohio, \$1,473,748; Indiana, \$2,833,023; Illinois, \$1,266,602; Michigan, \$254,047; Wisconsin, \$957,321; Minnesota, \$2,350,-295; Iowa, \$8,100,334; Missouri, \$3,183,333; North Dakota, \$712,695; South Dakota, \$486,861; Nebraska, \$3,576,802; Kansas, \$1,938,911; Maryland, \$87,528; Virginia, \$258,149; North Carolina, \$60,952; South Carolina, \$97,236; Georgia, \$28,094; Florida, \$65,558; Kentucky, \$191,014; Tennessee, \$186,976; Alabama, \$126,404; Mississippi, \$17,702; Arkansas, \$169,220; Louisiana, \$14,822; Oklahoma, \$727,277; Texas, \$279,622; Montana, \$86,613; Idaho, \$84,926; Wyoming, \$72,332; Colorado, \$365,096; New Mexico, \$19,585; Arizona, \$8,426; Utah, \$31,054; Nevada, \$10,188; Washington, \$100,104; Oregon, \$135,578; and California, \$157,320.

- - - 0 - - -

RULINGS GOVERN
CANE MARKETING

Administrative rulings governing the marketing of Louisiana sugarcane in 1935 were announced by the Agricultural Adjustment Administration. Under the rulings any contracting grower may market a quantity of sugarcane up to 20 percent in excess of his base production, or up to 100 tons of sugarcane, whichever is the larger. Deductions will be made from the payments of those growers having a base production of 100 tons or more who elect to market a quantity in excess of their base production. The deductions from benefit payments for those growers who elect to accept the deductions will be at the rate of \$2 per ton on each ton marketed between 100 and 110 percent of the base production. The deduction on each ton marketed between 110 and 120 percent of the base will be at the rate of \$3 per ton. Small growers may market up to 100 tons without penalty, but if they wish to increase their marketings by as much as 20 percent of their base production and this totals more than 100 tons, then the deduction provisions apply to the marketings in excess of the base production. Growers whose acreage is no greater than the acreage required with average yields to produce their base production will be certified for benefit payments at this time. Final 1934 and first 1935 benefits payments to growers with a larger acreage will be withheld, and these payments, less the deductions on excess sales, if any, together with the final 1935 payment, will be made if and when it is determined that the quantity sold does not exceed that quantity permitted under the contract and administrative rulings. The rulings also provide that a producer who controls one or more farms which are covered by separate contracts may elect to have the compliance under all contracts determined in the same way it would have been determined if all of the farms had been put under one contract, provided all interested parties, including the landowner and tenants, with the approval of the parish control committee, enter into a special compliance agreement accepting this change.

- - - 0 - - -

HIGH GRADE COTTON
SHOULD BRING PREMIUMS

Cotton producers are urged by the Director of the Division of Cotton of the Agricultural Adjustment Administration to insist that they receive from buyers a premium on cotton which is above average in grade and staple length. Under the present loan and price adjustment plan, it is pointed out, cotton growers are in a position to bargain, and have an opportunity to get the benefit of the premiums which are due them on the better grades and longer staple lengths of cotton. Such producers will lose if they sell this cotton for the price paid for middling 7/8 inch cotton in the belief the price adjustment payment will take care of them. Under the present price adjustment plan the growers will receive the difference between the average price at the 10 spot markets on the day they sell their cotton and 12 cents per pound on lint on their actual production not in excess of their Bankhead allotment. For example, the average price for white middling, 7/8 inch cotton in the 10 spot markets on August 30 was 10.53 cents per pound. If a producer sold on that day, the government will pay him a difference of 1.47 cents per pound. He would receive this payment of 1.47 cents per pound, even if he sold premium cotton on August 30 which brought him 12 cents a pound or more. Official quotations issued by the Department of Agriculture as of August 30, were to the effect that at Carolina mill points white strict middling inch cotton of Southeastern growths was bringing 125 to 130 points more than middling 7/8 inch cotton; and that at Alabama, Georgia and East Tennessee mill points, white strict middling inch cotton of the same growth was bringing 125 points more than middling 7/8 inch cotton. On this same day white cotton of strict middling grade and one inch in staple length was bringing 100 points more than white middling 7/8 inch at New Orleans, 100 points more at Memphis, and 105 points more at Houston and Galveston. Therefore, the producer of better than middling grades and longer than 7/8 inch staple length cotton who sold on August 30 should receive, including adjustment payments, more than 12 cents for his cotton. The present plan is an improvement on the loan programs of the past two years, it was pointed out, because those programs made no provision for the producer of premium cotton, but this program enables him to benefit, provided he insists upon the additional payments due him from the buyer because of his better product. Producers are urged to carefully follow the prices paid at the 10 daily spot markets, not only for 7/8 inch middling cotton, but for premiums paid on grade and staple for better than 7/8 inch middling cotton. For the 1934-35 season good middling cotton averaged 47 points above middling on the 10 spot markets, and middling inch staple averaged 78 points above middling 7/8 inch staple length cotton in the 6 spot markets, which are the only ones that quoted staple premiums.

- - - 0 - - -

HEARINGS ON WALNUT
AGREEMENT AND ORDER

Public hearings have been scheduled for September 20 at Portland, Ore., and for September 23 at Berkeley, Calif., to consider a proposed marketing agreement and order for handlers of walnuts grown in California, Oregon, and Washington. These are the first hearings called by the Agricultural Adjustment Administration with a view to replacing present marketing agreements and licenses with marketing agreements and orders in the form provided by the amendments to the Agricultural Adjustment Act. Requests for this new agreement have been signed by packers and growers of walnuts representing 84.14 percent of the 1934-35 pack. If approved, this agreement and order will replace an agreement and license which has been in operation since October, 1933. Provisions of the agreement and order would provide for surplus control operations, similar to the surplus control provisions of the existing agreement and license. Under this plan the surplus walnuts would be turned over to the control board in charge of the agreement to dispose of in channels that would not affect the marketing of the portion of the crop for regular domestic consumption of merchantable walnuts.

- - - 0 - - -

PEANUT ADJUSTMENT
PROGRAM HEARING

A public hearing on a proposed peanut diversion and peanut adjustment program will be held at the Department of Agriculture, in Washington, D. C., September 11.

Terms of a proposed new contract for the adjustment in the acreage or in the production for market of peanuts and for rental or benefit payments in connection with such adjustment contract will be discussed. The present contracts expire with the 1935 crop. The hearing will also be upon the terms of a proposed plan for removing quantities of peanuts grown in 1935 from the normal channels of trade and commerce by diverting such peanuts into oil manufacture and for payments in connection with such plans. The proposed production adjustment contract is for the 4-year period 1936 to 1939, subject to termination by the producer or by the Secretary at the end of any year. Contracts would provide for adjustment of the acreage of peanuts planted in each year to an acreage allotment prescribed by the Secretary of Agriculture which would be not less than 70 percent of the base acreage. The proposed plan for diverting 1935 crop peanuts into oil consists of two parts. Under the first part of this plan, the Secretary would make payments to peanut oil millers for diverting farmers' stock peanuts into oil during the period from September 16, 1935 to November 15, 1935. The rate of these payments would be determined following the hearing. Under the second part of the diversion plan, the Secretary would ask peanut millers to submit bids for the purchase of specified quantities of farmers' stock peanuts at not less than specified minimum prices, during the period from November 16, 1935 to June 30, 1936. In turn for this agreement the Secretary would make payments to each miller whose offer was accepted, on any of the peanuts purchased in accordance with the agreement and diverted into the manufacture of oil, either as shelled peanuts or in the form of farmers' stock. The rate of this payment would be that designated in the miller's offer.

- - - 0 - - -

REGULATIONS ON RYE
PROCESSING TAX

Regulations for rye covering definitions and conversion factors, were made public by the Agricultural Adjustment Administration. The regulations include the period of the marketing year, and the rate of the processing tax established in the recent amendments to the Agricultural Adjustment Act. The first marketing year is to be the period from September 1, 1935 to June 30, 1936. Subsequent marketing years are to begin on July 1 and end on June 30 of the succeeding year. The rate of the processing tax is set forth in the regulations at 30 cents a bushel of 56 pounds. This rate was established in the recently approved amendments to the Agricultural Adjustment Act. The rate is effective from September 1, 1935 until December 31, 1937 unless modified according to the specific formulae set forth in the amendments. The regulations define "first domestic processing" of rye as "the milling or other processing (except cleaning and drying) of rye for market, including custom milling for toll as well as commercial milling, but shall not include the grinding or cracking thereof not in the form of flour for food purposes only." Other definitions covered by the regulations include those for: whole-rye flour, whole-rye meal, rye flour, rye farina, prepared rye pancake flour, rye bread pumpernickel, rye crackers, swedish health bread and similar articles, toasted rye breakfast foods, rye malt, rye mash, rye distilled spirits, rye feed, distillers' rye dried grains, and distillers' rye solubles. Conversion factors for various products which are to be used to determine the amount of processing tax to be imposed are established in the regulations, copies of which may be obtained from the Agricultural Adjustment Administration.

- - - 0 - - -



NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION

SEP 23 1935

VOLUME 2, NUMBER 50

September 14, 1935

CORN-HOG PROGRAM HEARING SCHEDULED

A public hearing on a future corn-hog adjustment program will be held at the Willard Hotel in Washington, D. C., September 26. The hearing will be held under the provisions of the new amendments to the Agricultural Adjustment Act. All interested parties will be given an opportunity to be heard upon the following questions: 1. Whether the current average farm price of corn and of hogs is less than the fair exchange value of these commodities. 2. Whether the average farm price of corn and of hogs is likely to be less than the fair exchange value of these commodities during the period when the corn and hogs produced during the current or next succeeding marketing year will be normally marketed. 3. Whether the conditions and factors relating to the production, marketing and consumption of corn and hogs are such that the exercise of any one or more of the powers conferred upon the Secretary of Agriculture under the Act as amended will tend to effectuate the declared policy of the Act. 4. Whether the exercise of the power to provide for adjustments in acreage or production of corn and hogs through agreements with corn and hog producers and for adjustment payments in connection with such agreements is administratively practicable and best calculated to effectuate the declared policy of the Act.

- - - 0 - - -

SPRING WHEAT PRICE DISCOUNTS STUDIED

The processing tax on wheat is a factor of small importance in the sharp discounts in the price of wheat which farmers in the spring wheat territory are receiving for wheat of light-weight resulting from heat and rust damage. Studies by the Agricultural Adjustment Administration show that of price discounts of more than 30 cents a bushel between 60-pound and 50-pound wheat, only about 4 cents a bushel can be attributed to the processing tax. Test weights of all hard red spring wheat received during the last few days of August at three northwest points averaged more than 51 pounds to the bushel. Because of the larger amount of light-weight wheat this year, the Adjustment Administration has been urged to change the basis of the processing tax from a bushel of wheat to a barrel of flour on the ground that a larger amount of light-weight wheat is required to produce a barrel of flour than is required when heavier grain is used. However, it is pointed out by officials that the basis for leveying the processing tax was established in the Agricultural Adjustment Act and a Congressional amendment to the Act would be required to change this basis. The processing tax is collected on clean dry wheat and is at the rate of 30 cents a bushel of 60 pounds. The studies of the Department of Agriculture indicate that 5.26 bushels of clean 50-pound wheat will produce a barrel of flour as compared with 4.6 bushels of clean 60-pound wheat. This is an additional two-thirds of a bushel and represents an additional processing tax cost per barrel of about 20 cents or about 4 cents per bushel. This 4 cents a bushel is the amount that can be attributed in the discount as due to the processing tax, but it does not account for the large discounts which are more than 30 cents a bushel in some instances.

- - - 0 - - -

HEARING ON NEW
CIGAR-LEAF PROGRAM

A public hearing upon a proposed cigar-leaf tobacco adjustment program will be held in the South Building, Department of Agriculture, Washington, D. C., September

16. All interested parties will be given an opportunity to be heard with reference to the exercise of the provisions of the Agricultural Adjustment Act, designed to maintain farm prices for cigar-leaf tobacco at fair exchange value. Also interested parties will be heard upon the terms of a proposed contract for adjustment in acreage or in production for market of cigar binder and filler types of tobacco and rental or benefit payment in connection with such an adjustment program. The present contracts expire with the 1935 crop. The proposed cigar binder and filler tobacco production-adjustment contract will cover the 4-year period, 1936-1939 inclusive, with provisions for termination upon due notice by the producer, proclamation by the Secretary of Agriculture, or failure of the producer to comply with the terms of the contract and rulings. The base acreage for each farm under contract will be substantially the same as that provided under the present contracts, with minor changes to remedy inequities. The base tobacco production for each farm under the contract will be determined by multiplying the base tobacco acreage by the normal yield of tobacco per acre for the farm. The tobacco acreage and production allotment will be a percentage of the base tobacco acreage and base tobacco production estimated to yield that quantity of each type of tobacco needed to establish and maintain balance between production and consumption. In no case will the allotment be less than 60 percent of the base. Under the proposed contract payments will be made to each contracting producer who complies with the contract and rulings, in an amount that will tend to give the producer the difference between the average farm price and the fair exchange value of the quantity of tobacco permitted under the contract.

- - - 0 - - -

CANE SIRUP PROGRAM
READY FOR GROWERS

The 1935 production adjustment program for farmers who grow sugarcane for sirup on a commercial basis has been approved by the Secretary of Agriculture and contracts to be offered to growers have been forwarded to State Directors of Extension for distribution to county agents, the Agricultural Adjustment Administration announced. Sugarcane for sirup is grown mainly in Louisiana, Georgia, Alabama, Mississippi, Florida, Arkansas, Texas, and South Carolina but contracts will be available to producers in all states. The program supplements the general sugarcane adjustment programs in effect in Louisiana and Florida. Producers cooperating in the sirup program will receive benefits comparable to those made to producers cooperating in the Louisiana sugarcane program. Under the contract, cooperating farmers will agree to have no larger acreage of sugarcane growing in 1935 than they harvested in 1934 and to sell no more sirup or to sell no more sugarcane on a tonnage basis from the 1935 crop than they sold from the 1934 crop. Contracting producers will receive benefit payments for the two years, 1934 and 1935. The benefit payment for 1934 will be at the rate of 10 cents a gallon on all sirup over 100 gallons produced from the 1934 crop which was sold. If the cane was sold on a tonnage basis the gallonage will be computed at the standard conversion rate of 22 gallons of sirup per ton of sugarcane. This 10 cents a gallon is the amount which it is estimated is necessary to bring the average return from sirup of the 1934 crop to the parity price of 32 cents a gallon. The benefit payment for 1935 will also be in an amount to bring an approximate parity return, but the exact amount will depend upon the price of sirup from this year's crop. The 1935 payments will be made on a slightly different basis from those for 1934 in order to make the sirup program correspond as closely as possible to the Louisiana sugar program. For 1935 the benefit payments will be made on 88 percent of the amount of sirup sold in 1934. This corresponds to the 88 percent of the base production of Louisiana sugarcane producers upon which they will receive 1935 benefit payments. In 1935, however, producers may market up to 100 percent of the amount of their 1934 marketings.

- - - 0 - - -

CALIFORNIA RAISIN
PACT TERMINATED

An order terminating the marketing agreement and license for packers of California raisins, effective September 14, and designating the members of the raisin control board as trustees to liquidate the affairs of that board, was signed by the Secretary of Agriculture. Termination of the agreement has been requested by all signatory packers including the cooperative marketing associations. These packers handle approximately 90 percent of the raisins produced in California. The marketing agreement and license became effective in May, 1934, and subject to certain minor amendments, have been in continuous operation up to the date of termination. The agreement provided for the fixing of minimum prices paid producers and for temporary withholding from the market of a fixed percentage of raisins acquired by packers from growers. All factors within the raisin industry are in agreement that the program resulted in substantial increases in the total returns to producers for their 1934 crop but that changes to assure more effective enforcement would be necessary to justify continuation of the plan during the coming season. Such assurance, providing for the issuance of orders, is afforded by the amendments to the Agricultural Adjustment Act. The amended Act, however, does not authorize the fixing of minimum prices in agreements and orders for fruits and vegetables. Consideration is now being given to the calling of a public hearing on a new proposed agreement program for the raisin industry.

- - - 0 - - -

TOKAY GRAPE
PACT CANCELLED

Cancellation of the marketing agreement and license for fresh Tokay grapes grown in California, effective September 14, was announced by the Agricultural Adjustment Administration. This action was taken at the direct request of several signers of the original agreement. Although the group requesting termination shipped only approximately 40 percent of the grapes marketed in 1934, termination was considered desirable for the reason that the agreement provides for automatic representation of certain shippers on the executive committee administering the agreement, and a majority of the present committee represents the shippers now petitioning for termination. By their request for termination these shippers indicate that they do not desire to operate the present agreement for the 1935 season. A proposed agreement to replace the present agreement has been submitted by certain Tokay grape shippers and growers, with a request for a hearing. This petition was signed by shippers representing approximately 40 percent of Tokay grape shipments during the past shipping season and the chairman of the Tokay Grape Growers Advisory Committee, representing the Tokay grape growers. Owing to the fact that the marketing season has begun, it would be impossible to develop a new agreement under the amended Agricultural Adjustment Act in time for use this season.

- - - 0 - - -

SUGAR ENTRIES REPORTED
FOR FIRST EIGHT MONTHS

The quantity of sugar entered for consumption in the United States during the first 8 months of this year from Cuba, the Philippines, Puerto Rico, the Virgin Islands, and Hawaii totalled 3,998,910 short tons, raw value, without final polarization and final outturn adjustments, according to a report of the sugar Section of the Agricultural Adjustment Administration. This quantity has been charged against the 1935 quotas for the areas indicated. The status of the continental quotas is not given in this report. To August 1, 1935, the quantity charged against the continental cane sugar quota amounted to 83,399 tons in terms of 96 degree sugar; the quantity charged against the continental beet sugar quota amounted to 835,947 tons.

- - - 0 - - -



NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION

VOLUME 2, NUMBER 51

September 21, 1935

POTATO PROGRAM HEARING OCTOBER 3

A public hearing will be held October 3, at the Department of Agriculture, Washington, D. C., to determine whether a potato program should be developed under

Title I of the Potato Act of 1935 and if so what such a program should include. Title I of the Potato Act designates potatoes as a basic commodity and authorizes the employment of any of the methods outlined in the Agricultural Adjustment Act for the purpose of increasing agricultural income to be used to aid potato growers. Title II of the Potato Act levies a tax of three-fourths of a cent per pound on all potatoes sold in excess of a national allotment after December 1, 1935. The Congress, however, failed to provide funds for administration of Title II of the Act. Pending a decision with respect to use of funds for the administration of Title II a thorough investigation of possibilities for the assistance of potato producers under Title I of the Act is being made. Among the questions to be considered at the hearing will be whether the establishment of a national allotment with or without benefit payments to producers would carry out the purpose of the Act. Among other questions to be considered is whether the exercise of the power to provide for adjustment in acreage through agreements with producers or by other voluntary methods, and to provide for rental and benefit payments in connection with such agreements or other voluntary methods would carry out the purposes of the Potato Act. The possibility of the use of marketing agreements for potatoes and the diversion of potatoes from normal channels of trade, or into by-products, will also be taken into consideration.

- - - 0 - - -

REGULATIONS ISSUED OF PUBLIC HEARINGS

Regulations governing hearings on initiation of adjustment and other programs under Section 8 of the Agricultural Adjustment Act and on procedure in public

hearings on marketing agreements and orders, have been announced by the Agricultural Adjustment Administration. The regulations on programs under Section 8 of the Act state that whenever the Secretary of Agriculture has reason to believe that the current average farm price for any basic agricultural commodity is less than its fair exchange value or that the average farm price is likely to be less than the fair exchange value for the period in which the production of such commodity during the current or next succeeding marketing year is normally marketed, and that under conditions relating to production, marketing, and consumption of such commodity the exercise by the Secretary of any powers conferred upon him by Section 8 of the Act would tend to effectuate the declared policy of the Act, he shall give notice and opportunity for public hearing to interested parties according to definitely stated requirements. Under regulations for hearings on agreements and orders, no hearing can be held upon a proposed marketing agreement or order until such instrument has been filed in writing with the hearing clerk of the Adjustment Administration. If proposed by persons other than the Secretary, the written application for hearing must be accompanied by at least 3 copies of the proposed marketing agreement, and, in all cases, copies of the proposed agreement shall be available for inspection at the office of the hearing clerk. The regulations specify requirements on public notice, appointment of presiding officer, method of conducting the hearing, and proclamations and findings by the Secretary.

- - - 0 - - -

COTTON "DATE OF SALE"
MEANING EXPLAINED

For the purpose of determining payments under the 1935 cotton price adjustment payment plan, the date of sale of cotton means the date on which the price to be paid

the producer for his cotton by the purchaser is mutually agreed upon, the Agricultural Adjustment Administration announced. The adjustment payment plan is designed, insofar as is possible, to bring an average of a 12 cent return to producers on the 1935 cotton crop by payments to producers based on the difference between the daily average price paid for middling 7/8 inch cotton at the ten designated spot markets and 12 cents per pound. In the event cotton on which a 10-cent loan is obtained under the 1935 loan plan is not sold by July 31, 1936 and is still under the loan on that date, an adjustment payment will be made to the producer cooperating in the 1936 cotton program in the amount per pound by which the official average base price at the ten designated markets is below 12 cents per pound on July 31. However, carrying charges, which include interest, storage, and insurance, will be deducted from the payment and paid to the lending agency. Cotton producers should bargain with buyers for the premiums due them on cotton which is above the average in grade and staple length, it was reiterated. Producers will lose money due them officials stated, if they sell premium cotton for the price paid for middling 7/8 inch cotton in the belief the price adjustment payments will compensate them for their better grade and staple length.

- - - 0 - - -

CUSTOMS FUND TO FINANCE
COTTON PRICE ADJUSTMENT

Payments to cotton producers under the 1935 cotton price adjustment plan will be made from funds made available by section 32 of the Act of August 24, 1935 amending the

Agricultural Adjustment Act, it was announced. A total of 30 percent of the customs receipts for each fiscal year are segregated by this section and maintained in a separate fund which may be used to encourage the exportation and marketing of agricultural commodities.

- - - 0 - - -

EXEMPTION SET ON LINT
COTTON FOR HOME USE

An amount of lint cotton not in excess of 110 pounds, produced by or for any producer, may be retained by him for domestic use in his household without payment of the

ginning tax which otherwise would be levied, the Agricultural Adjustment Administration announced. This 110 pounds of cotton, to be used only in the producer's household, is in addition to the producer's tax-exempt allotment of cotton under the Bankhead Act. The exemption is effective on the 1935 crop. Producers who desire to avail themselves of this exemption should hold back from the gin enough seed cotton to produce the lint which they desire to use in their household and secure from the county agent of the county in which they reside, an application form for exemption before taking such seed cotton to the gin. These forms will probably not be available before October 1. Three pounds of seed cotton usually will gin one pound of lint.

- - - 0 - - -

RICE PROGRAM
HEARING CALLED

A public hearing upon a proposed rice adjustment program for the years 1936-1939 inclusive will be held October 2 at the Department of Agriculture, Washington,

D. C. All interested parties will be given an opportunity to be heard with reference to the exercise of the provisions of the Agricultural Adjustment Act designed to reestablish rice prices to farmers at the fair exchange value at as rapid a rate as is feasible. Also considered at the hearing will be the terms of a proposed contract for the adjustment in the acreage of rice and for rental or benefit payments in connection with such adjustment contracts. The present contracts expire with the 1935 crop.

- - - 0 - - -

DAIRY PRODUCTS BOUGHT
FOR RELIEF DISTRIBUTION

A total of 127,054,076 pounds of butter, cheese, dry skim milk and evaporated milk, valued at \$20,350,131, had been bought and delivered for relief distribution up to September 12 of this year, in the Government's dairy products purchasing program which was inaugurated in August, 1933, the Agricultural Adjustment Administration announced. In addition to the dairy products already delivered, a total of 8,258,414 pounds of butter and dry skim milk, with an estimated value of \$1,189,282, has been contracted for to be delivered for relief distribution. Of the 127,054,076 pounds of dairy products purchased and delivered to the Government for relief distribution from August, 1933 to September 12 a total of 63,163,429 pounds represented butter which had a value of \$14,837,624. Other products included in the total of purchases are: cheese, 17,970,382 pounds, valued at \$3,041,820; dry skim milk, 8,324,280 pounds, valued at \$496,012; and evaporated milk, 37,595,984 pounds, valued at \$1,974,674. Of the 8,258,414 pounds of dairy products which remain to be delivered to the Government, 3,094,230 pounds represent butter with an estimated value of \$840,144; the remainder represents dry skim milk with an estimated value of \$349,-138. From the beginning of flush spring production about March 1, 1935 to September 12, the Government purchased for relief distribution a total of 51,453,441 pounds of dairy products valued at \$3,573,736. The products bought during this period included: butter, 1,215,404 pounds, valued at \$192,455; cheese, 5,292,171 pounds, valued at \$961,419; dry skim milk, 8,324,280 pounds, valued at \$496,012; and evaporated milk, 36,621,584 pounds, valued at \$1,923,849. Dairy products have been purchased largely with funds made available to the Agricultural Adjustment Administration in special appropriations by Congress and by advances from the Treasury under the terms of the Agricultural Adjustment Act. They are distributed by the Federal Surplus Relief Corporation. Under the purchase program persons on relief have been supplied with much needed dairy products; abnormally large, price-depressing storage stocks have been reduced, and a considerable degree of stability has been restored to the market for these products, with benefit to milk producers.

- - - 0 - - -

TOBACCO PROGRAMS
GET APPROVAL

As a result of hearings and investigations held on September 3, the Secretary of Agriculture approved the initiation of production adjustment programs for Burley, Maryland, fire-cured and dark air-cured tobacco. The proposed programs provide for contracts for a four-year period, 1936-1939, to follow the present programs. New contracts for these four kinds of tobacco are now being prepared. The findings, based on the investigations and the evidence submitted at the hearings, show that the current average farm prices for the 1934 crops of Maryland, Burley, and dark air-cured tobacco, respectively, were less than the parity price or fair exchange value as defined in the Agricultural Adjustment Act. Evidence presented at the hearings indicated that without adjustment programs in 1936, tobacco growers would normally be expected to materially increase their plantings. These increased plantings would result in prices less than the fair exchange value for the 1936 crop of all four kinds of tobacco unless production adjustment programs are put into effect.

- - - 0 - - -



NEWS DIGEST

AGRICULTURAL
ADJUSTMENT ADMINISTRATION

OCT 4 1935

VOLUME 2, NUMBER 52

September 28, 1935

DAIRY PRODUCTS ORDERED FOR RELIEF

Invitations requesting bids for five million pounds of butter and ten million pounds of dry skim milk, which when delivered will be turned over to the Federal Surplus Relief Corporation for relief distribution, have been sent out by the Agricultural Adjustment Administration. The bids will be opened October 8. The invitations, requesting bids for five million pounds of butter, specify carlot units for delivery during six consecutive weekly periods, the first delivery period to begin during the week ending October 19. The butter is to be fresh or storage, with a 92, 91, 90, and 89 score. The invitations for bids for 10 million pounds of dry skim milk specify dry solids $1\frac{1}{2}$ percent fat maximum, spray process for human consumption. Deliveries are to be made during four consecutive bi-weekly periods, the first to be the bi-weekly period ending October 26.

- - - 0 - - -

COTTON PROGRAM HEARING CALLED

A public hearing on a future adjustment program for cotton will be held October 11 at Memphis, Tenn. The notice of hearing, issued under the provisions of the new amendments to the Agricultural Adjustment Act, invites cotton producers, consumers, processors and manufacturers and other interested parties to be heard.

- - - 0 - - -

POTATO INCREASE NOT DUE TO ADJUSTMENT PROGRAM

A study of potato acreage and production, which shows that the production adjustment programs had had virtually no effect upon the commercial production of potatoes for the country as a whole, was made public by the Agricultural Adjustment Administration. Other conclusions from the study were that potato acreage and production had shown no increase during 1934 and 1935 that could be attributed to adjustment programs; that acreage increases in certain states during 1934 and 1935 were for the most part outside regions where land was taken out of production by adjustment programs, and that in sections in only two states was it established that land taken out of production by adjustment programs had contributed to an increase in potato acreage. The study shows conclusively that the adjustment programs have not been responsible for the surplus of potatoes, and resultant in low prices, which have prevailed for the past two years. The study is being continued with regard to fruits and other vegetables. The preliminary data strongly indicate that assertions that the agricultural adjustment programs have increased acreage and production in specialty crops generally are as groundless as those made with regard to potatoes.

- - - 0 - - -

PROCESSING TAX RATES
FOR TOBACCO CHANGED

New regulations, providing substantial reductions in processing tax rates on most types of tobacco for the marketing year 1935-1936, have been announced by the Agricultural Adjustment Administration. The new rates are established under provisions of the amendments to the Adjustment Act and become effective October 1. Substantial reductions were made in the processing tax rate for Burley tobacco, generally, the new rate being 3.5 cents a pound instead of the 6.1 cent rate perviously in effect. The rate on flue-cured tobacco was reduced to 1.89 cents a pound. The previous rates were 4.2 cents a pound generally, and 2 cents a pound for flue-cured tobacco used in the manufacture of chewing tobacco. The rate on fire-cured tobacco was changed to 2.14 cents a pound instead of the previous rate of 2.9 cents a pound, generally, and 2 cents a pound for fire-cured tobacco used in the manufacture of chewing tobacco. Following the hearing on September 9, it was determined that the full processing rate of 3.3 cents a pound provided by provisions of the amendments to the Agricultural Act, would cause a reduction in the consumption of cigar-leaf tobacco and in the consumption of Burley tobacco in the manufacture of chewing tobacco. Under the regulations, the processing tax rate for cigar tobacco will be 3 cents a pound for cigar and 2 cents a pound for scrap chewing tobacco. The rate on Burley tobacco used in the manufacture of chewing tobacco was placed at 2.5 cents a pound instead of the full statutory rate of 3.5 cents a pound. No change is being made in processing tax rates on dark air-cured tobacco from the rates fixed in the amendments to the Agricultural Adjustment Act. The rate for dark air-cured tobacco generally is 3.3 cents a pound and for dark air-cured tobacco used in the manufacture of chewing tobacco is 2 cents a pound.

- - - 0 - - -

FLORIDA SUGARCANE
PROGRAM HEARING SET

A public hearing on a proposed 1936-37 Florida sugarcane program will be held at the Department of Agriculture, Washington, D. C., on October 11. The hearing is to be held under the provisions of the recently approved amendments to the Agricultural Adjustment Act. The option of the Secretary of Agriculture to extend to the 1936-37 crop year the present contract covering the 1934-35 and 1935-36 crop years was not exercised and the public hearing is necessary for the formulation of a new program. The hearing is being held for the purpose of determining whether the average farm price for sugarcane is less than the fair exchange value, or is likely to be less than the fair exchange value, and whether the conditions of and factors relating to the production, marketing, and consumption of sugarcane in Florida are such that exercise of the powers conferred upon the Secretary of Agriculture under Section 8 (2) and (3) of the Agricultural Adjustment Act, as amended, will tend to effectuate the declared policy of the Act.

- - - 0 - - -

OLIVE AGREEMENT
HEARING CALLED

A public hearing will be held October 4 and 5 at Berkeley Calif., to consider a proposed marketing agreement and order for handlers of olives for canning grown in California. It is proposed that this new agreement and order replace a marketing agreement and license which have been in operation since December 13, 1933. An olive committee, representing 80 percent of the packers and 50 percent of the growers, has requested a new agreement. The proposed agreement and order would provide for pack limitation and allocation of salable tonnage to growers as in the present agreement.

- - - 0 - - -

PEANUT DIVERSION
PROGRAM READY

A peanut diversion program for the 1935 crop is virtually completed and offers are expected to be made soon to contracting producers and to oil millers providing payments for diverting peanuts into oil, the Agricultural Adjustment Administration announced. The proposed program follows the lines worked out by the Agricultural Adjustment Administration after conference with growers and processors in Washington on August 9 and 10 and presented at a public hearing in Washington on September 11. The objective of the program is to establish reasonable prices to growers for the 1935 peanut crop. The method proposed for accomplishing this objective is to remove a portion of the 1935 crop from the normal channels of trade and divert it into manufacture of peanut oil, in this manner so regulating the portion of the crop remaining for the edible trade as to tend to establish prices to growers for No. 1 Farmers' Stock Peanuts at approximately the average of prices received by growers for the 1934 crop. In order to accomplish this it is estimated that it may be necessary to divert as much as 252,000,000 pounds of the 1935 commercial crop, which is estimated as of September 1 at 1,042,000,000 pounds. This would leave for the edible trade a supply about 3.8 percent larger than that of last year and 17.7 percent larger than average consumption by the edible trade from 1924 to 1930. If the edible trade should prove able to take even more peanuts than this and still pay reasonable prices to growers, the quantity diverted into oil would be smaller. The procedure proposed is to make diversion payments on peanuts crushed into oil at such rates as will tend to make up the difference between the oil value of the peanuts and the prices which the program seeks to return to growers. There are two parts to the proposed plan. The first, under which the Secretary of Agriculture would offer specified diversion payments to any miller or contracting peanut grower, would be in effect from October 1 to November 15, 1935. The second would provide for the submission of offers to the Secretary by individual millers and would be in effect from November 16, 1935 to June 30, 1936.

- - - 0 - - -

WEST COAST HEARING ON
PROPOSED CITRUS ORDER

A public hearing will be held October 9, at Los Angeles, Calif., to consider a proposed order to supplement the marketing agreement for oranges and grapefruit grown in California and Arizona. In accordance with the recent amendments to the Agricultural Adjustment Act this order would replace a license supplementing this agreement. The proposed order provides a plan for limiting and prorating the volume of each variety of oranges and grapefruit to be shipped during successive weekly periods, with the object of maintaining an orderly flow of fruit to market. Under the order a distribution committee would, subject to the Secretary's review and approval, fix the quantities of each variety to be shipped each week. Each shipper or grower who applies for allotments would be allotted a prorate base, representing his proportion of the total crop of each variety of fruit. The Secretary would then fix weekly allotments to all shippers and growers who apply for allotments in the same ratio to the total weekly prorate. Cooperation with state authorities, in accordance with the terms and conditions of the California Agricultural Adjustment Act of 1935, would be provided for. The present marketing agreement and license have been in operation since December 1933.

- - - 0 - - -

